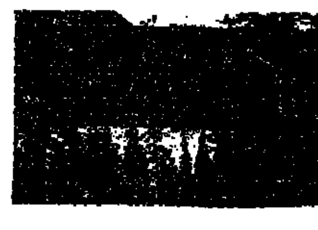
Dressing down
Why US workers wear jeans on Friday
Page 12

Ukraine
Kiev plays the spoiler
Page 18



Canadian forestry
Glory can be regained
Survey, Section IV

Turkey
Shaking the kaleidoscope
Survey, Section III

FINANCIAL TIMES

Europe's Business Newspaper FRIDAY MAY 7 1993 D8523A

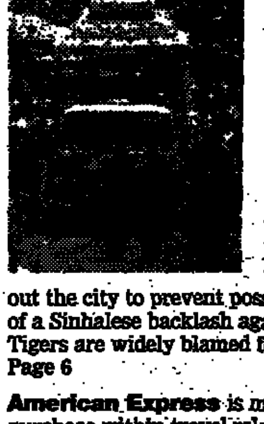
Argentaria $1bn public issue oversubscribed

Argentaria, Spain's state-owned banking group, said the public issue of 25 per cent of its shares to raise Pta120bn ($1.04bn) had closed heavily oversubscribed. Foreign interest was particularly high with international investors subscribing for 10.6 times the shares on offer. Argentaria is placing only 39 per cent of the equity offering outside Spain. Page 19

Japan surplus rises sharply: Japan's current account surplus rose by 38 per cent to a record $19.09bn in March against the year before, a rise which is likely to fuel US pressure on Tokyo. Page 18

Ciampi pledges poll reform: Carlo Azeglio Ciampi, Italy's new prime minister, pledged to introduce electoral reform, which he described as an "absolute priority", before the summer parliamentary recess. Page 18

Funeral of assassinated Sri Lankan leader:



Around 10,000 mourners took part in the funeral procession of assassinated Sri Lankan president Ranasinghe Premadasa in Colombo. The relatively low turnout, which compared with the 100,000 who attended last week's funeral of a murdered opposition party leader, disappointed the ruling United National party. Police and army units were deployed throughout the city to prevent possible unrest amid fears of a Sinhalese backlash against Tamils. The Tamil Tigers are widely blamed for the assassination. Page 6

American Express is making its biggest purchase within travel-related services through a SKr965m ($115m) deal to buy Swedish business travel agency Nyman & Schultz. Page 19

Plot alleged against Havel: An assassination plot against Czech president Vaclav Havel was uncovered and four of the alleged plotters, all foreigners, were under arrest, according to the interior minister.

Virgin court action: Virgin Atlantic Airways launched new High Court proceedings against British Airways following the failure of the airlines to settle their "dirty tricks" dispute. Page 8; Branson sets sights on personal computers, Page 18

Teams study 'market access': The US and the EC have set up technical teams to study interpretations of "market access", disagreements over which have been a stumbling block in the Uruguay Round of trade liberalisation. Page 5

Bid blocked over Austrian bank: The Austrian finance ministry has rejected a proposal by Raiffeisen co-operative bank group to acquire a controlling interest in Creditanstalt, the country's second largest commercial bank. Page 19

Boers stage mass action: About 3,000 white South African farmers staged a Boer version of mass action in the ultra-conservative town of Potchefstroom, western Transvaal. Page 6

Impeachment decision urged: Venezuelan president Carlos Andrés Pérez has asked the Supreme Court to end political uncertainty by immediately deciding whether there is sufficient cause to impeach him. Page 4

Chase Manhattan, New York bank engaged in a wide-ranging restructuring programme, is to spin off its Hong Kong credit-card operation. Page 21

Clinton makes fresh appointment: President Bill Clinton named Roy Neel, a veteran aide to vice-president Al Gore, as a new deputy White House chief of staff. Page 4

Hutchison Whampoa, Hong Kong conglomerate controlled by Li Ka-shing, has raised HK$4.5bn ($582m) through a placement of 250m shares. Page 22

Troop deployment in Lima: Troops and tanks were deployed in the centre of the Peruvian capital, Lima, amid unconfirmed reports that army officers were planning to overthrow President Alberto Fujimori.

Thatcher voices Maastricht views: Baroness Thatcher accused the UK government of living "in cloud cuckoo land" in its attitude to Maastricht. Prime minister John Major rejected her call for a referendum on the issue. Page 9

■ STOCK MARKET INDICES

FT-SE 100:	2786.3	(-10.2)
Yield	4.09	
FT-SE Eurotrack 100	1152.03	(-1.10)
FT-A All-Share	1377.63	(-0.3%)
Nikkei	20,622.03	(-297.15)
New York lunchtime:		
Dow Jones Ind Ave	3447.71	(-1.39)
S&P Composite	443.84	(-0.68)

■ US LUNCHTIME RATES

Federal Funds:	2⅞%
3-mo Treas Bills: Yld	2.921%
Long Bond	104⅛
Yield	6.801%

■ LONDON MONEY

3-mo Interbank	6%	(6⅛%)
Liffe long gilt future:	Jun 103½	(Jun 104¼)

■ NORTH SEA OIL (Argus)

Brent 15-day (Jun)	$19.29	(+0.18)

■ Gold

New York Comex Jun	$358.3	(355.5)
London	$356.45	(353.65)

■ STERLING

New York lunchtime:		
$	1.576	
London:		
$	1.57	(1.5685)
DM	2.48	(2.475)
FFr	8.3575	(8.345)
SFr	2.23	(2.22)
Y	173.0	(172.75)
£ Index	80.7	(80.4)

■ DOLLAR

New York lunchtime:		
DM	1.57765	
FFr	5.32075	
SFr	1.4185	
Y	110.15	
London:		
DM	1.579	(1.578)
FFr	5.3225	(5.32)
SFr	1.42	(1.4155)
Y	110.25	(110.2)
$ Index	63.4	(63.5)

Tokyo close Y 110.19

Austria	Sch30	Germany	DM3.30	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Greece	Dr300	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Hungary	Ft172	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lw25.00	Iceland	IKr190	Neth	Fl 3.75	Slovak Rp	KSL45
Croatia	SLT220	India	Rs40	Nigeria	Naira45	Slovenia	HRD5700
Cyprus	C£1.00	Israel	Shk5.90	Norway	NKr18.00	Spain	Pta200
Czech Rp	Kcs45	Italy	L2700	Oman	OR1.50	Switz	SFr3.20
Denmark	DKr15	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00
Egypt	E£4.50	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
Finland	FM12	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L7000
France	FFr8.00	Lebanon	US$1.25	Portugal	Es215	UAE	Dh11.00

US seeks early accord with EC states on tougher measures against Bosnian Serbs

Clinton warns of unstable Europe

By Robert Mauthner in London, Jurek Martin in Washington and David Gardner in Brussels

PRESIDENT Bill Clinton of the US yesterday warned that the Bosnian Serb assembly's rejection of an international peace plan for Bosnia, in defiance of possible air strikes by the US and its allies, threatened the stability of Europe.

Expressing his "great disappointment" at the assembly's decision, adopted by an overwhelming majority of 51 votes to 2 with 12 abstentions early this morning, he called on the international community "to unite and to act decisively".

In a clear message to his European allies, the president said that he had instructed Mr Warren Christopher, the secretary of state, to be "insistent" during his current tour of European capitals that tougher and collective measures be agreed soon.

Mr Christopher vowed to concentrate efforts to end the war exclusively on punitive measures against the Serbs and said he was no longer pursuing a United Nations peace plan. Speaking in Bonn after meeting German Chancellor Helmut Kohl and Mr Klaus Kinkel, the foreign minister, Mr Christopher said the failure of the Bosnian Serb parliament to back the peace plan meant that option was now closed.

"Until today we were basically discussing two different tracks. Now, we're focusing on a single track."

The White House later said that a new UN Security Council Resolution would be required if further action in the form of air strikes or other military measures were to be taken.

Meanwhile, the Security Council held urgent consultations in an atmosphere of deepening crisis as members weighed the various options in response to the Bosnian Serb assembly's rejection of the peace plan.

As a first response, the council was expected to approve a resolution designating Sarajevo, the Bosnian capital, and the Moslem enclaves of Zepa, Gorazde and Tuzla, as "safe areas" which would be patrolled and, if necessary, defended by UN troops.

Mr Haris Silajdzic, the Bosnian Moslem foreign minister, claimed in Washington yesterday that 40,000 people would be "massacred" in the besieged town of Zepa if the international community did not intervene in Bosnia's civil war. Bosnian Serb forces have refused to allow a team of five UN military observers to visit Zepa to investigate Bosnian government charges that a full-scale Serbian assault had been launched.

Serbia last night announced it would cease all but humanitarian supplies to Bosnian Serbs. "Reasons no longer exist for further assistance in money, fuel, raw materials etc," the Serbian government said in a statement carried by the Belgrade-based news agency Tanjug.

Earlier yesterday Mr John Major, the British prime minister, and Lord Owen urged Serbia to seal off its border with Bosnia, thus depriving the Bosnian Serbs of further weapons and other supplies.

In spite of their shared anger at

Continued on Page 18

French audit estimates wide deficit

By David Buchan in Paris

A SPECIAL audit ordered by France's new conservative government yesterday confirmed a gaping hole in the country's public finances ahead of the budget next week which is expected to raise taxes and cut spending.

The audit, conducted by Mr Jean Raynaud, a senior official of the Cour des Comptes, the state accounting body, shows overall accumulated deficits in the budget and the social security system rising to an estimated FFr475bn ($87.53bn) by the end of this year.

It forecasts a state budget in the red this year by between FFr320bn and FFr360bn.

The audit assumes that the economy could contract by up to 1 per cent this year. Basing itself on a median forecast of a 0.4 per cent drop in gross domestic product, it concluded that the effect of recession in depressing tax receipts and raising social spending could increase the budget deficit from FFr226bn last year to FFr341bn this year.

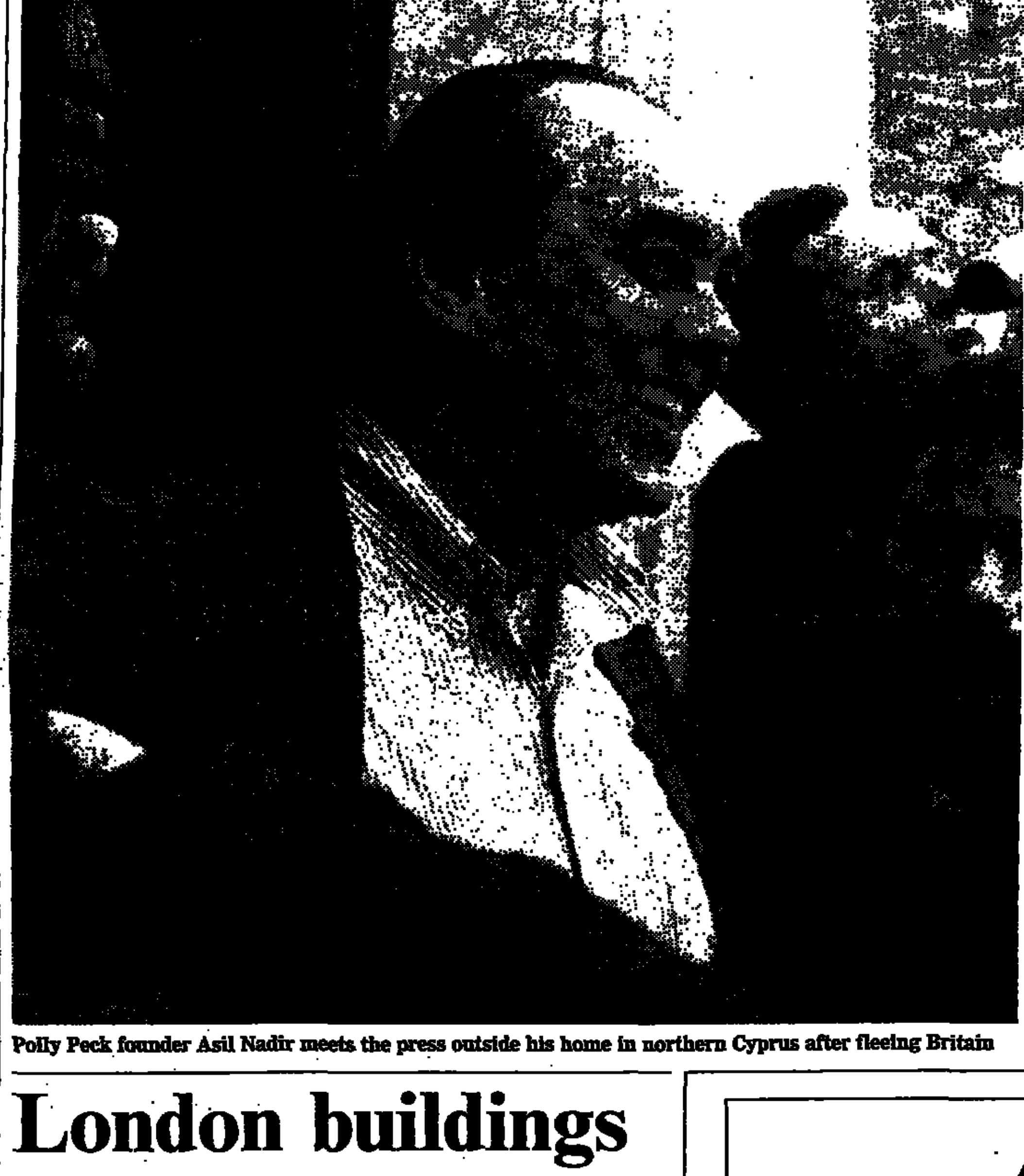
Such a deficit would amount to 4.8 per cent of France's national output, well above the 3 per cent guideline in the *Maastricht* treaty on monetary union. This in turn explains prime minister Edouard Balladur's recent comment that any talk of accelerating the Maastricht currency union timetable was a "pious wish", given the state of public finance in France and many other EC countries. He said his aim was to get France's deficit to less than 3 per cent by 1996-97.

Mr Raynaud, a longtime friend of the new prime minister, denied *his report sought to pin blame on* the previous Socialist government. Nevertheless, one Socialist MP yesterday accused the government of "polemicising" the country's financial problems. The imminence of the Raynaud audit was said to have disturbed Mr Pierre Bérégovoy, the Socialists' last prime minister, who committed suicide last weekend for reasons essentially still unknown.

This year's still-larger budget deficit will be the result of reduced tax revenue (FFr120bn lower than first forecast) and higher spending (an extra FFr55bn, much of it on temporary work schemes), the report calculates.

More worrying, though, is its audit of France's social security system, most of which is funded outside the budget by contributions from employers and employees, whose deficit the Raynaud commission said was "unprecedented". The accumulated deficit of the pension, health and family allowances funds will rise to nearly FFr100bn by the end of 1993, it forecasts.

French interest rates cut again, Page 3



Polly Peck founder Asil Nadir meets the press outside his home in northern Cyprus after fleeing Britain

Bonn in disarray after transport minister resigns

By Quentin Peel in Bonn

THE EMBATTLED German political establishment was thrown further into disarray yesterday with the enforced resignation of Mr Günther Krause, the transport minister and most senior east German left in the cabinet of Chancellor Helmut Kohl.

Coming only three days after the resignation of Mr Björn Engholm, the leader of the opposition Social Democrats, the sacking – in all but name – of Mr Krause for a series of petty political blunders seems certain to undermine further the good standing of the entire political class.

It also seems likely to delay the process of railway reform leading to rail privatisation being debated in the German parliament.

Mr Krause was forced to quit by Chancellor Kohl after revelations that he had claimed public funds for moving his home from Berlin to a smart new villa on the Baltic coast, after he was appointed a minister in the Bonn coalition.

Mr Kohl, who was reported to have exploded with fury when he confronted Mr Krause over the latest mini-scandal on Wednesday, has moved with extraordinary speed to stop the rot. He immediately announced the appointment of Mr Matthias Wissman, the minister for research, to take over as transport minister, and Mr Paul Krüger, a little-known eastern member of the Bundestag, the lower house of parliament, to succeed him as research minister.

No fewer than seven cabinet ministers have now resigned abruptly from the German government since the last elections in December 1990.

None of the so-called scandals has been substantial, but all have served to fuel a feeling of public disenchantment with the country's leading politicians.

On Monday, Mr Engholm, the SPD leader and premier of the northern state of Schleswig-Holstein, *resigned all his public positions* after admitting that he misled a parliamentary inquiry five years ago.

In the southern state of Bavaria, the premier, Mr Max Streibl, is under fierce attack for accepting free holidays from a business friend.

Leader of the Christian Democrats in the state of Mecklen-

Continued on Page 18

London buildings looted after bomb

By Jimmy Burns in London

NEW QUESTIONS were raised yesterday over security in the City of London after it emerged that a number of buildings damaged by the Irish Republican Army bomb on April 24 have been looted in the past week.

Companies with bomb damage, including Hongkong and Shanghai Bank whose 26-floor tower was severely damaged, disputed police statements that responsibility for securing the bomb-damaged buildings should now rest with their owners.

The incidents of looting, it emerged yesterday, all occurred after last Friday, when police handed over responsibility for security in the 21-acre cordoned-off area around the site of the explosion to the Corporation of London and private security firms employed by the owners of the affected buildings.

The most serious incident appears to involve 99 Bishopsgate, owned by Hongkong Bank. When they were allowed to visit the building for the first time on Tuesday, several tenants discovered that widespread pilfering had taken place.

The bank said the latest incidents to be discovered affected three floors, including offices previously occupied by Saudi International Bank. Additional damage and theft were reported yesterday by other tenants of the building on other floors.

A spokeswoman for the bank did not give details of the theft but said: "There has been pilfering and damage not caused by the bomb. Desks and cupboards have been rifled through and things have gone missing." Police were also called into the area at the weekend after security staff working for the bank reported suspected looting of several shops.

Another international company said last night: "We discovered that our offices have been looted. Cupboards had been forcibly opened, someone had tried to break into our safe, and several items have been stolen."

The City of London police said yesterday five arrests were made at the weekend and they were investigating the latest incident at the Hongkong building.

Chief Superintendent Paul Eskriett, responsible for police operations in the area, argued: "This is not looting. That happens only after a riot." Another senior City policeman said: "The security of the buildings is the responsibility of the occupiers and the security companies employed by them." However, Hongkong Bank said: "It's the responsibility of the police to police the country."

Letters, Page 17

A small advertisement from a rather large venture capital company.

CINVen is backed by three of Europe's largest pension funds – British Coal, British Rail and Barclays Bank. This gives us deep pockets – at least £250m of equity, to invest in unquoted investments each year. We act as deal leaders over the whole range of management buy-outs and development capital financings. Further funding is always available later on, should it be necessary. And if flotation is the target, we provide in our backers, three blue chip investors as major shareholders. If you'd like to know more, we'd like to know you.

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CONTENTS

NEWS: BOSNIA ON THE BRINK

☐ Owen puts faith in Milosevic ☐ US wants quick action ☐ UN to create 'safe areas' ☐ Bosnian Serbs triumphant

West misjudges a stubborn nationalism

Rejection of the peace plan has left the outside world as divided as ever, writes **Robert Mauthner**

By Robert Mauthner, Diplomatic Editor

THE rejection by the Bosnian Serb parliament of the Vance-Owen peace plan for Bosnia leaves the international community with the same agonising choices as before the Athens summit of the warring parties last weekend.

Singing in unaccustomed unison after Mr Radovan Karadzic, the Bosnian Serb leader, had finally been forced to sign the plan, dividing Bosnia into ten semi-autonomous provinces, by the combined pressure of the west, Russia and Serbia, many of the world's leaders confidently predicted after the Athens summit that the Bosnian Serb assembly would follow suit.

Once again, they have underestimated the stubbornness and mystical nationalism of the Bosnian Serbs and the cunning of their leader, who made his signature conditional on his assembly's approval of the plan. In spite of the impassioned appeals of Balkan leaders such as Presidents Slobodan Milosevic of Serbia and Constantine Mitsotakis of Greece, they voted down the plan by an overwhelming majority in what was described by Lord Owen, one of the two mediators, as an act of "dangerous folly".

The task confronting the western allies and Russia if the Bosnian Serb assembly had approved the peace plan, would have been difficult enough. By common agreement, implementation of the plan would have required the rapid deployment of 70,000 international peacekeeping troops to monitor the withdrawal of the warring parties' forces and heavy weapons to designated areas and to patrol provincial borders and throughways. But with the US and Russia both agreeing to provide substantial forces, coupled with the willingness of France and Britain, with peacekeeping troops already on the spot, to increase their contributions, the task was not as insuperable as at first appeared.

Such a deployment, however, has almost certainly been indefinitely postponed. None of the potential contributing nations, including the US, is prepared to risk the lives of their peacekeeping troops in a war situation. They would only be sent in to oversee the implementation of a peace agreement once it had been endorsed by all the warring parties, not to impose it by military force, as Mr Douglas Hurd, the UK foreign secretary, made clear this week.

At the same time there is no agreement yet, even between the US and its western allies, on the precise alternative strategy to be pursued in the event of a final rejection of the peace plan by the Bosnian Serbs, as discussions between Mr Warren Christopher, the US secretary of state, and European leaders have shown this week.

Mr Christopher has found no takers for his proposal that the international arms embargo against the former Yugoslavia should be lifted selectively to help Bosnian Moslems. Britain and France are the strongest opponents of such a move, because they believe that it would not only prolong the conflict but endanger their peacekeepers on the ground and the UN's humanitarian operation.

The other military option proposed by the US – surgical air strikes against Bosnian Serb supply lines – has also been greeted with little enthusiasm by Britain, France and Russia. Air strikes have not been ruled out by any of the government leaders whom Mr Christopher has seen, but they have all made clear that further discussions would have to take place before embarking on such a step. Mr Christopher himself repeated yesterday that the US did not want to act unilaterally.

Following yesterday's rejection of the peace plan, the chorus in the US, European Community and Nato in support of "tougher measures" has again reached a crescendo, but such sentiments will not be translated into military action until it is specifically authorised by a security council resolution.

"Our focus will be very sharp on the new stronger measures," Mr Christopher said in Brussels yesterday after seeing EC and Nato ministers. However, in European capitals, there still appears to be a residual hope that military intervention can be avoided, and that the new package of tougher sanctions will bring the Bosnian Serbs to their knees.

Lord Owen, while recognising that the international community was "getting closer" to military intervention in Bosnia, nevertheless spoke out against rushing into such a decision. In common with British and French leaders, Lord Owen appears to be putting his faith in the Russian and Serb leaders, Mr Boris Yeltsin and Mr Milosevic, to reverse the Bosnian Serb assembly's decision.

The talks in Belgrade yesterday between Mr Milosevic and Mr Anatoly Churkin, the Russian envoy to the peace talks, are seen as a welcome sign that the two countries may be on the point of exerting greater pressure on their Bosnian clients.

After his firm advocacy before the Bosnian Serb Assembly in favour of the Vance-Owen plan, Mr Milosevic is perceived to have suffered a stinging defeat at the hands of his Bosnian kinsmen – a humiliation that is unlikely to go unpunished. Lord Owen's and Mr John Major's appeal to him to seal the Serbian border with Bosnia to all but humanitarian goods, thus cutting off a key supply line for the Bosnian Serb army, and to allow UN observers to monitor the blockade, therefore stands a much better chance of being heard now than it did only a few weeks ago.

While the watchword in Europe remains an intensification of pressure, mainly in the form of an economic blockade, the signs are that President Bill Clinton may be losing patience. In a statement last night, he said the Bosnian Serbs' rejection of the peace plan "threatens to widen the conflict and foster instability in other parts of Europe."

The time had come for the international community to unite and act quickly and decisively, the president emphasised. That does not sound as if Washington is prepared to wait much longer for the Bosnian Serbs to change their minds.

WARRIORS, PEACEKEEPERS, AID FORCES AND SANCTION ENFORCERS

Bosnia-Hercegovina
Where the warriors are in control
Present military position: Serb / Moslem / Croat

Peacekeeping
No-fly zone enforcement: US, UK, French, Turkish and Dutch aircraft based around the region and supported by AWACS radar surveillance

The aid effort
UN troops: 9,000 HQ: Sarajevo and Kiseljak

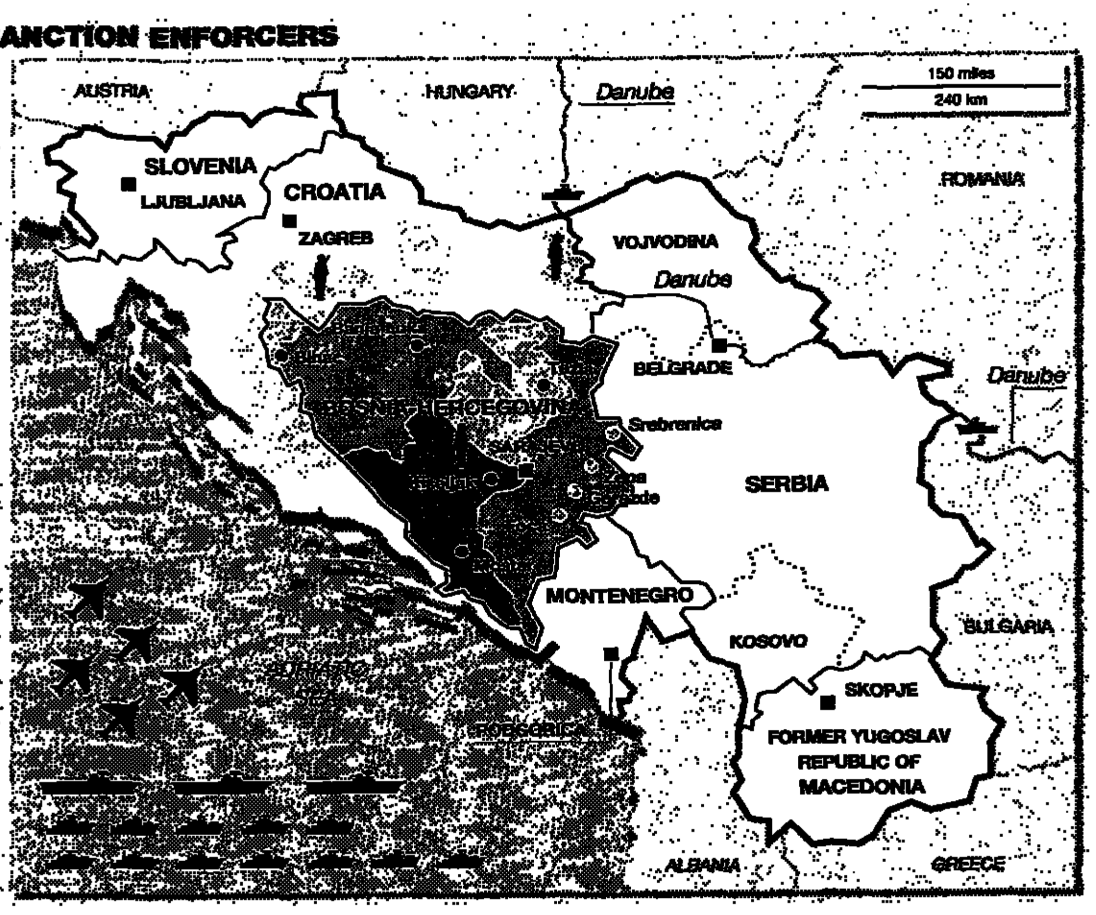
Croatia
Peacekeeping
UN troops: 14,000 HQ: Zagreb
UN protected areas

The Adriatic
Sanction enforcement
Seven Nato ships
Five WEU ships

Peacekeeping and aid
Three support groups for UN land forces led by US, UK and French aircraft carriers

Serbia-Montenegro and the Danube
Sanction enforcement
National efforts throughout the region co-ordinated and assisted by the joint EC-CSCE Sanctions Assistance Missions. 80 customs officers have been provided and the number will soon expand to around 150. Individual countries - such as the US providing patrol boats - give extra financial and technical aid

WEU proposes sending speedboats as a non-military police operation. Implementation is expected to be approved at the WEU ministerial meeting in Rome on May 19-20



Defiant Bosnian Serbs tell west: 'Do your worst'

By Laura Silber in Pale

AS the sun rose yesterday over Mount Jahorina above Sarajevo, a silent and frustrated President Slobodan Milosevic, accompanied by Greek Prime Minister Constantine Mitsotakis, his closest international ally, piled into their Mercedes. They had failed to persuade the Bosnian Serb parliament to accept the Vance-Owen plan.

In contrast, exhausted but triumphant deputies called the outcome of the 17-hour session "a victory of the people and against western dictates".

A weighty majority, 51 out of 65 votes cast, reaffirmed their decision of last week to hold a referendum on May 15 and 16 in their self-styled *Srpska Republika*, which covers about two-thirds of Bosnia.

Mr Radoslav Brdjanin, a key hardliner from Banja Luka, the bastion of Serb radicals in north-west Bosnia, praised the failure of deputies to kowtow to western pressure and politicians from Belgrade who "don't understand the situation". "Let the Americans bomb. They'll never win, we made the just decision. The only possible one," he said.

General Ratko Mladic, the Bosnian Serb commander, in a blustering and angry briefing to the deputies dismissed as biased the proposed maps, which he said would "bring horrible consequences". His soldiers were not afraid of military intervention, he boasted.

The deputies' refusal to ratify the peace plan sets them on a collision course with Mr Milosevic, who told the 73 deputies gathered at the Heavenly Valley hotel above Sarajevo: "We cannot afford to lose everything we have, staking it all and losing like a drunken poker player."

But only two members of the assembly backed the Serbian president, who in the past has brilliantly outmanoeuvred political challengers.

Mr Milosevic is now likely to try to turn the tables on his former protégés. He hinted at closing the borders between Bosnia and the rump Yugoslavia. "He repeatedly threatened us. Not in a hostile way, but warning that Serbia was too poor to give anything more. But we know they are not that badly off," said a Bosnian Serb official.

A decision to isolate Bosnian Serbs would carry political risks for Mr Milosevic, who so far has been bolstered by nationalist support within Serbia. Ultra-nationalists and an unofficial ally of Serbia's ruling Socialists, such as Mr Vojislav Seselj, a Belgrade parliamentary deputy and paramilitary commander, are likely to whip up fears by protesting against the isolation of their kin in Bosnia.

Yugoslav President Dobrica Cosic, appearing worn and grim, yesterday called the vote "the worst possible decision". "It is disastrous. I don't know what the next night and day will bring to this country," said Mr Cosic, one of the architects of the plan to create a Greater Serbia.

But defiance was the dominant theme among Bosnian Serbs yesterday. Mr Radovan Karadzic, the Bosnian Serb leader, tried to paint the decision to hold a referendum as postponement rather than a rejection of the plan to divide Bosnia into 10 ethnic provinces. Despite having signed the plan in Athens at the weekend, in Pale he described the maps as catastrophic. "If they accept, one half of the Serbian population will be in Moslem and Croatian provinces and the other half in Nagorno Karabakh."

> 'We cannot afford to stake all and lose like a drunken poker player'

Mr Ratko Adzic, the interior minister, warned: "Surely against such a power as Nato our losses would be very heavy. But we also remember what happened in the Vietnam war and we ourselves have rich experience in guerrilla warfare.

"If they make us really angry, we can launch a guerrilla campaign on their territory, such as on nuclear power plants. If our children are dying why should theirs live?"

Only a few Bosnian Serb leaders voiced uncertainty. Mr Milan Tesic, one of the two opponents to the referendum, called the decision one of extreme ignorance.

"I am obligated to support any agreement for peace. But they are voting for war and they have managed to silence the others," he said.

Despite the convincing defeat of the plan, several deputies, fighters, and guests were visibly shaken after the marathon session. One delegate in military garb said: "It is a frightening and unwise decision. Who knows what will happen to us now?"

Clinton pushes from behind in order to lead

By Jurek Martin in Washington

THERE was one overriding message in US President Bill Clinton's stern but measured reaction to the vote by the Bosnian Serb assembly, and it was not directed at a Balkan leader, but squarely at western Europe.

"America is willing to do its part," he declared, "but Europe must be willing to act with us. We must go forward together." In case these words were insufficiently clear, he talked of the dangers of "further instability in other parts of Europe that could be exceedingly damaging".

He had ordered his secretary of state, Mr Warren Christopher, now in Europe, to be "insistent that the time has come for the international community to unite and act quickly and decisively".

He would not act "rashly" in Bosnia, he said. The US was seeking "not to do things that would draw the US into a conflict not of its own making and not of its own ability to resolve".

This is perhaps the first public recognition by Mr Clinton that the divisions between the US, western Europe and Russia over what to do next in Bosnia are serious. There have been plenty of reports of the problems Mr Christopher has encountered on his mission but no admission from the president himself that they could not be overcome.

His warning reflects the most fundamental of political realities at home, reinforced almost daily by senior members of congress, that there is a minimal domestic constituency for US intervention in Bosnia unless it is part of a collective operation.

Mr Lee Hamilton, chairman of the House foreign relations committee, was yesterday merely the latest in a long line of political heavyweights to wonder if the US would be right to act alone.

Military strikes, he said, were probably now more likely than before, "though not, I think, for a few days". But, he added, "there really is great confusion as to what the American national interests are and what we ought to do".

Mr Clinton has probably still bought himself a little time, at least now until the conclusion of the Christopher mission, suddenly more vital than ever, or some outcome in the UN Security Council acceptable to the US.

But the US political and public discontent with Europe is now quite palpable. Senator Richard Lugar, the Indiana Republican just back from Russia and the Balkans, expressed some sympathy with the European dilemma, pointing to its problems of waging a war while in recession, but he also warned of the wider consequences to the continent, from Greece to Germany, if the conflict were not stopped.

Senator Sam Nunn of Georgia, who had travelled with Mr Lugar, talked of militarising the current UN presence in Bosnia and of setting a clear deadline for offensive strikes. Like Mr Clinton and Mr Christopher in Europe, neither thought the promised Bosnian Serb referendum should be considered a factor. Both stood foursquare behind Mr Clinton.

In the current and intensifying US debate, less attention and justification is now being accorded to the moral imperatives in Bosnia, though the president again referred yesterday to "ethnic cleansing that offends the world's conscience and our standards of behaviour".

But, having spoken, Mr Clinton was back working the international telephone lines, with President François Mitterrand of France reportedly first on his immediate agenda.

UN weighs new measures

By Michael Littlejohns at the UN in New York

THE United Nations Security Council held urgent consultations yesterday in an atmosphere of deepening crisis as members weighed new measures in response to the Bosnian Serb rejection of the Balkans peace plan.

As a first response, the Council was expected to approve a resolution designating Sarajevo and the Moslem enclaves of Zepa, Gorazde and Tuzla "safe areas" which would be patrolled by UN troops. These would be similar to the operation being conducted by Canadian forces in Srebrenica.

However, the Third World countries sponsoring the proposal made it clear that the measure would be inadequate in itself. There were again calls for what one delegate termed "surgical military intervention" by an international force.

Mr Diego Arria of Venezuela, who led a Security Council mission to Bosnia last month, speaking in his role as the non-aligned members' spokesman, called the safe areas proposal symbolic and a minimal response to developments in a deeply troubling situation.

"These new elements should force the international community to act in a much more affirmative way," he said.

The use of force was "looming" because the past inadequacy of UN measures had only encouraged Serbian intransigence.

Mr Boutros Boutros-Ghali, the UN secretary general, and the US were in sharp disagreement last night over who should control an expanded UN military operation that might eventually be authorised by the Council.

In a working paper for members, he insisted that political and strategic direction must come from the UN through himself. Washington is demanding that the North Atlantic Treaty Organisation be in command.

Russia is willing to provide troops but supports Mr Boutros-Ghali on the issue of UN control. France also wants a UN-directed force, not simply one with UN blessing.

The working paper calls for up to 70,000 troops, at least 20,000 of whom would be Americans, for the largest ever UN military operation.

American Admiral Jeremy Boorda, the Nato commander in southern Europe, has been mentioned as the likely commander. If Mr Boutros-Ghali's proposals prevailed he would report to Mr Thorvald Stoltenberg, the former Norwegian foreign minister, who is the UN special representative, succeeding Mr Vance.

Mr Boutros-Ghali last night refused to accept that the Bosnian Serbs had spoken the last word on the peace plan. Negotiations must continue "to overcome current difficulties", he said in dismissing suggestions that the Vance-Owen proposals were now moribund if not dead.

UK will step up pressure

By David Owen

BRITAIN WILL step up pressure on Serbia to take action to isolate the Bosnian Serbs, Mr John Major, prime minister, told MPs yesterday, as the government signalled its continued resistance to allowing arms to be supplied to the Bosnian Moslems.

Stating that military options such as air strikes had not been ruled out, Downing Street indicated that the next step in forcing the Bosnian Serbs to accept the international peace plan on Bosnia had to be to tighten sanctions.

No additional British troops would be sent to the region until the plan had been accepted, although it would probably be unrealistic to wait until all shooting had stopped, Downing Street said.

The government recognised the importance of putting peacekeepers in place promptly once the plan was agreed. It continued to regard the Vance-Owen plan as the best chance for a lasting peace.

Challenged during "prime minister's questions", Mr Major called on Serbia's President Slobodan Milosevic to "make good" the commitment he had made when he accepted the Athens agreement.

Mr Milosevic should do this by "closing Serbia's borders with Bosnia, cutting the supply of weapons and other goods, and by exerting all other possible pressure on the Bosnian Serbs", he said.

Lord Owen was ready to meet Mr Milosevic for further discussions if it was felt this might smooth the path to a solution.

He said Britain was committed to a "twin track" policy of securing agreement for the peace plan while intensifying pressure on the Serbs "should they remain intransigent".

Later Mr Tristan Garel-Jones, a Foreign Office minister, sidestepped calls from Sir Edward Heath, the former prime minister, and others to make a commitment to pull out British troops if air strikes started.

Britain had "expressed our reservations" about embarking on selective bombing, Mr Garel-Jones said. "Not least" among British reservations was that such a policy would put the humanitarian operation at risk and endanger British troops.

For Labour, Mr George Robertson, a front bench foreign spokesman, said the government's policy in pursuit of the Vance-Owen plan had to be firm and resolute but also measured and not precipitate in its timing. Mr Milosevic must now "make it clear" that the Bosnian Serbs had no alternative but to sign the plan.

Diplomatic failure adds to Greek discomfort

By Kerin Hope in Athens

AS Prime Minister Constantine Mitsotakis of Greece drove back from Pale yesterday, he must have wondered what, if anything, had been gained from his attempt to mediate in the Bosnian crisis.

Mr Mitsotakis had calculated that his appearance beside President Slobodan Milosevic of Serbia at the self-styled Bosnian Serb parliament could help swing the vote in favour of accepting the Vance-Owen peace plan.

In the event, he was unable to repeat the achievement of last weekend's summit in Athens. Then, Mr Cyrus Vance and Lord Owen, the international mediators, had both stressed the Greek prime minister's contribution to persuading Mr Radovan Karadzic, the Bosnian Serb leader, to accept the plan.

Mr Mitsotakis's plea to the Bosnian Serbs not to "commit collective suicide" by rejecting the plan fell on deaf ears. Once again, the relationship between Greece and Serbia looked embarrassingly intimate.

If Mr Mitsotakis had hoped to divert attention from the government's domestic problems with a display of statesmanship, he must now expect redoubled criticism for failing to complete the deal.

However, Greece is not likely to weaken its ties with Serbia, its traditional friend in the region, and, in the Greek perception, a deterrent to possible efforts by Turkey to extend its influence in the Balkans.

This attitude has caused friction with Greece's western allies, not least because of the government's apparent unwillingness to crack down on Greek businessmen and shipowners suspected of breaking the United Nations embargo on trade with Serbia and Montenegro.

Much of the fuel still reaching Serbia comes from Greece. It may be shipped by truck through Bulgaria by a local company set up in collaboration with a Greek exporter, or delivered by a Greek-owned tanker at a port in Montenegro.

Mr Mitsotakis also asserts that other Balkan countries should not participate in a military intervention in Bosnia, a view not shared by Turkey, the only other Nato member in the region.

Greece's refusal to send aircraft to help enforce the UN no-fly zone over Bosnia, while permitting Awacs surveillance aircraft involved in the operation to use a Greek air force base in western Greece, underlines the contradictions of its attempt to balance the obligations of Nato membership with support for Serbia.

The government also put up a well-publicised show of resistance before permitting Turkish F16s to fly through Greek airspace on their way to join the contingent enforcing the no-fly zone.

A similar difficulty over the role of a Greek destroyer, assigned to the international task force enforcing the UN embargo in the Adriatic, was resolved through an understanding that the Greek ship would not be ordered to enter Montenegrin territorial waters.

However, Mr Mitsotakis has done much in recent months to shore up relations with Greece's other Balkan neighbours.

The dispute over recognition of Macedonia, which made Greece so unpopular with its European Community partners last year, is well on the way to being resolved.

Greece has also managed to put ties with Albania on a better footing, while the government is promoting military co-operation with Bulgaria and is loosening foreign exchange restrictions to support fast-growing Greek trade and investment there.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 6000 Frankfurt am Main 1, Germany. Telephone 49 69 156 850, Fax 4969 5964481, Telex 416193. Represented by Edward Hugo, Managing Director. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 6078 Neu-Isenburg 4 (owned by Hürriyet International).
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.
FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.
DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41. Fax 33 93 53 35.

Yeltsin continues to purge anti-reformists

RUSSIAN President Boris Yeltsin yesterday promised a purge of officials who opposed his reforms and said he wanted parliamentary elections to be held this year, Reuter reports from Moscow.

In a televised address, Mr Yeltsin said the referendum which last month backed his rule was the green light for reforms, which he said were being hindered by the conservative parliament headed by chairman Mr Ruslan Khasbulatov.

He said senior officials were also blocking reforms and said he would instruct Prime Minister Viktor Chernomyrdin and heads of regional administrations across the country to review the performance of their employees.

"Those who do not share our aims should simply leave so as not to interfere with our work," he said.

"The heads of government and [local] administrations should carry out a serious reconsideration of their choice of personnel – this is a direct instruction from the president."

Yeltsin: green light

He also gave warning of what will be a battle with parliament over his new draft constitution, which would scrap the supreme legislature, the Congress of People's Deputies, and replace it with a two-tier federal parliament.

Mr Yeltsin said he would soon put forward a bill proposing parliamentary elections, a move which the existing legislature will undoubtedly dismiss as illegal.

"I do not think it is worth putting off elections to the new parliament beyond the autumn of this year," he said.

But Mr Yeltsin did promise a crackdown on crime, and said the government would fight soaring inflation by clamping down on credit emission.

The Russian leader, in what he called "a difficult and bitter moment", said he had totally lost confidence in his deputy Alexander Rutskoi, now in open opposition.

Mr Yeltsin has already stripped the rebellious vice-president of his special responsibilities for agriculture and fighting corruption.

W German orders fall 3%

By Quentin Peel in Bonn

INDUSTRIAL orders in the west German economy dropped another 3 per cent in March, and seasonally adjusted unemployment rose in April, confirming that the economic recession is still deepening.

The only hopeful indicator is that the rate of increase in unemployment has slowed slightly, but the headline figure for the country as a whole remains above 3.3m, with rates of 7.1 per cent in the west, and 14.7 in the east.

Export orders for west Germany fell by 4.2 per cent in March, compared with February, while domestic orders shrank just 2.5 per cent. The 3 per cent month-on-month drop in March was the same as in February, after a surprising 5.5 per cent rise in January.

The actual unemployment figure in April was slightly down on the previous month, but the improvement was less than normal for the time of year. Seasonally adjusted, it shows an increase of 35,000 in west Germany.

The unadjusted figures showed joblessness in the west down 0.1 per cent to 2.2m, and in the east down 0.3 per cent to 1.1m. The east German figures continue to understate the real problem of unemployment in the former Communist state, because tens of thousands are involved in job creation schemes.

IG Metall to widen its strike

By Judy Dempsey in Berlin

IG METALL, Germany's powerful engineering union, yesterday extended its strike action to 13 more enterprises, with the ailing steel industry particularly targeted.

More than 35,000 eastern German steel, metal and engineering workers from 70 enterprises are on strike in support of higher wages. They want the reinstatement of a 1991 contract, cancelled by the Gesamtmetall metal and engineering employers' association last month, aimed at equalising eastern and western wages by next year.

Wages in eastern Germany are at present about 60 per cent of western German levels.

Negotiations between the union and employers were due to start last night in Rostock, in Mecklenburg-West Pomerania, the heart of the dwindling shipbuilding industry.

Elsewhere, nine steel plants, with 7,300 employees, in eastern Germany are now at a virtual standstill.

Kiev row over rise in fuel prices

By Chrystia Freeland in Kiev

THE UKRAINIAN parliament yesterday moved to block big domestic energy price rises by imposing a moratorium on the increases until May 18, when the government's powers to rule by decree will run out.

Mr Viktor Pynzenyk, deputy prime minister and architect of the government's economic reforms, told the legislature its ban on price rises – resulting from higher rates Ukraine must pay for Russian oil and gas – had no legal validity. His assertion reflects a dispute between parliament and government about the extent of the government's authority to rule by decree.

He also pointed out that in the face of increases in the cost of Russian fuel, Ukraine had no choice but to raise domestic prices.

Russian officials have said that later this month they will increase the price Ukraine pays for gas by 50 per cent, bringing it to within 60 per cent of world prices.

The Ukrainian government boosted electricity prices fivefold and raised coal prices by up to 300 per cent. Mr Ivan Herts, minister for foreign economic relations, said that on the prime minister's instructions he was preparing to shift to world prices in all trade with Russia on July 1.

Ukrainian prime minister Leonid Kuchma, and his Russian counterpart, Mr Viktor Chernomyrdin, are scheduled to meet on Monday to discuss bilateral economic relations.

But the Ukrainian parliament's rejection of the price increases has put it and the government on a confrontation course likely to break into open conflict over faltering economic reforms on May 18.

Mr Kuchma has said he will insist not only on extension of his present authority but will demand the right to legislate without parliamentary approval and that the central bank and State Property Fund, the privatisation body, be brought under cabinet control.

Engineering company director charged with false accounting

By Robert Graham in Rome

MILAN magistrates yesterday arrested a director of TPL (Technologie Progetti Lavori), a leading Italian civil engineering company 55 per cent owned by France's Technip, on charges of falsification of accounts.

The arrest of Mr Tradico, 72, is understood to relate to contracts involving subsidiaries of the state oil concern, Eni. Some Eni executives also face charges of falsifying accounts.

There were two other significant developments in Italy's corruption scandals yesterday. In Naples Mr Antonio and Mr Lucio Cirino Pomicino, brothers of Mr Paolo Cirino Pomicio, the former finance minister and the leading Naples Christian Democrat politician, were arrested on charges of extortion. The allegations related to kickbacks on drainage contracts in the wake of the 1980 Irpinia earthquake – an affair already involving nearly 20 local politicians.

Mr Paolo Cirino Pomicino also was notified that he was under investigation for the same offence. This was the ninth such notice he has received. The magistrates allege local businessmen either through Mr Pomicino's brothers or others directly handed over nearly L2bn ($1.3m) between 1985 and 1992 to cover his political expenses. Mr Pomicino yesterday denied any wrongdoing.

In a second development, Rome magistrates arrested Mr Angelo Iacorossi, one of Italy's leading entrepreneurs in the oil and construction business, on corruption charges. He was alleged to have paid L1.5bn to secure a contract with a leading housing association, IACP.

Two members of the IACP were also arrested. Mr Iacorossi, who has been on bail since being arrested in March for another corruption charge related to power station contacts, has been recently trying to take over Roma football club. The club is controlled by Mr Giuseppe Ciarrpico, the Rome mineral water magnate, who is also on bail on corruption and fraud charges.

Denmark remains pro-Maastricht

By Hilary Barnes in Copenhagen

A VOCIFEROUS debate over the legal validity of the Edinburgh agreement between Denmark and the other 11 EC member states has failed to remove the big lead which the pro-Maastricht supporters have built up ahead of the May 18 referendum on the treaty.

Two polls published yesterday indicated that the vote will be about 60 to 40 in favour of the treaty, although both polls showed a small increase in the No vote.

According to a Gallup survey, 48 per cent are in favour, 33 per cent against and the rest undecided, which breaks down as 59-39 per cent in favour among those who have made up their minds. The No vote, however, is up from 28 per cent two weeks ago.

The second poll, published in business newspaper Borsen, showed 53 per cent for, 34 per cent against and the rest undecided, or 61 to 39 per cent in favour after excluding the don't knows. The same poll gave the No supporters 28 per cent in March.

The validity of the Edinburgh agreement – which allows Denmark to opt out of the Maastricht treaty's defence co-operation programme, the final phase of monetary union, supra-national legal co-operation and union citizenship – is under attack from British lawyers, who claim that the agreement is not legally binding on the Community.

Commission torn on merger policy

By Andrew Hill in Brussels

SENIOR European Commission competition officials said yesterday they were still torn between changing the rules for examining large EC mergers in Brussels – and possibly upsetting member states – and leaving the current successful system unaltered.

Speaking at a conference on competition policy organised by Club de Bruxelles and backed by the Financial Times, Mr Karel Van Miert, competition commissioner, said he would discuss the issue with national governments and competition authorities. If changes to the EC's 1990 merger rules were necessary, he said he would table proposals before the end of June.

Anti-trust authorities in France, Germany and the UK are suspicious of the Commission's desire to lower thresholds above which it automatically examines mergers.

Consultations with nearly 300 companies and industry associations have already revealed a majority in favour of expanding the Commission's powers. But Mr Philip Lowe, new head of the task force which investigates alleged competition abuse, told the same conference there were concerns such a move might damage good relations between Brussels and national authorities. "He [Mr Van Miert] is quite aware we don't want to kill the goose that laid the golden egg," he said.

Energy threat, Page 5

French interest rates cut again

THE Bank of France yesterday reduced its key interest rates for the fifth time since the centre-right government took power in the March parliamentary elections, writes Alice Rawsthorn in Paris.

The cuts, which brought the intervention rate down from 8.25 per cent to 8 per cent and the 5-to-10 day short-term lending facility from 9.25 per cent to 9 per cent, had been widely anticipated by the markets because of the franc's recent resilience against the German D-mark.

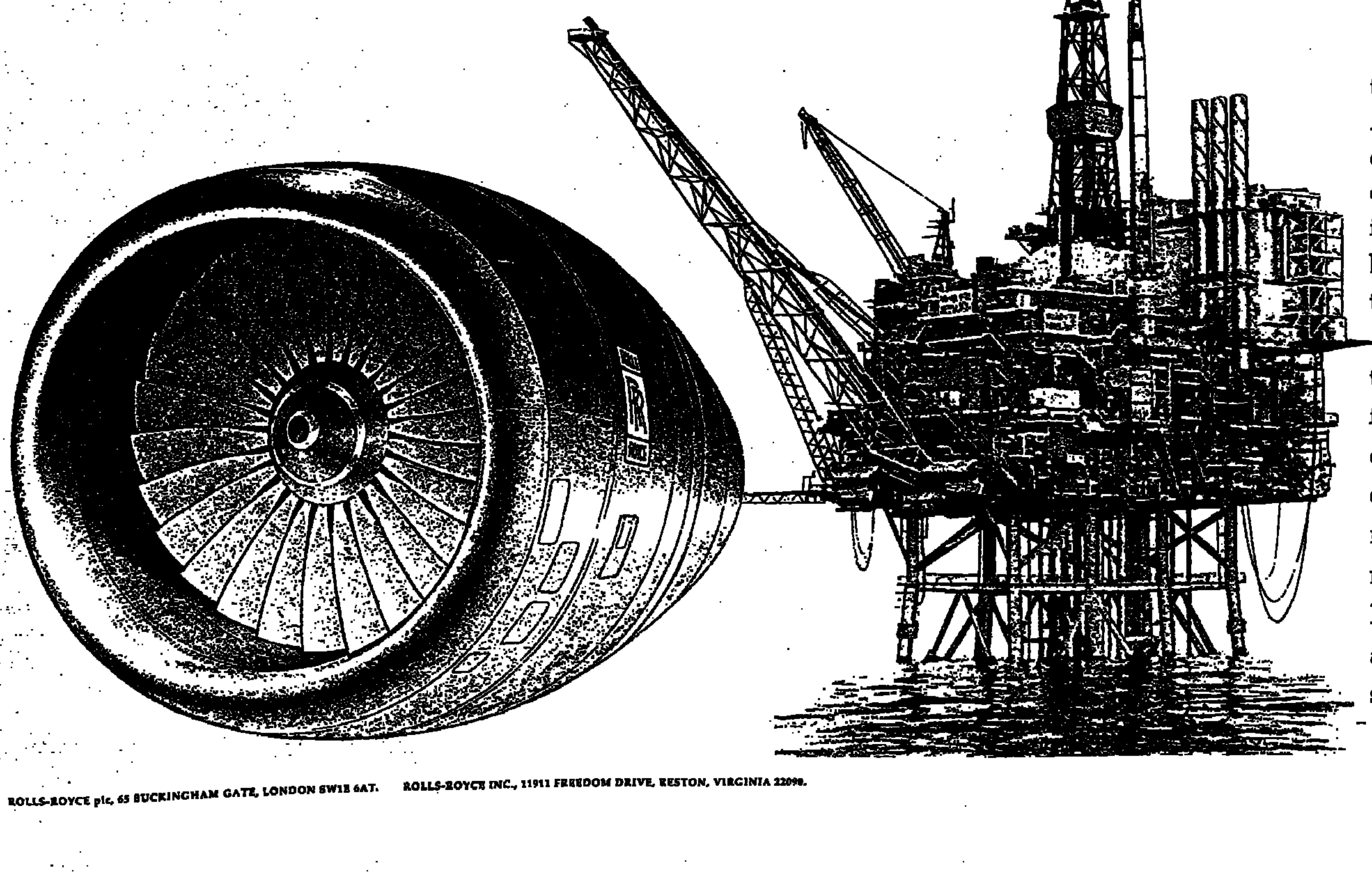
Yesterday's cuts also illustrate the growing confidence of the French authorities, which have previously tended to wait for the Bundesbank to announce cuts in German rates before trimming French rates for fear of renewing pressure on the franc in foreign exchange markets.

However, the Bank of France made its announcement early yesterday without waiting for the outcome of the Bundesbank's fortnightly meeting. The German authorities eventually decided not to cut interest rates.

Both Mr Edouard Balladur, prime minister, and Mr Edmond Alphandéry, finance minister, have made it clear that French rates should fall further to alleviate the pressure on the economy.

Yesterday's cuts came at the end of a week of gloomy economic news, including an official business survey reporting a deterioration in confidence since the start of the year.

TOWER OF STRENGTH



The core technology of the gas turbine that powers famous Boeing and Airbus aircraft, also generates power for off-shore drilling rigs, and pumps gas and oil prodigious distances. The gas turbine is the RB211, designed and developed by Rolls-Royce, and employing unique technology.

Rolls-Royce strengths go far beyond turbines, however. The company is a major force in a broad range of industries, designing and engineering products as diverse as generators, switchgear, nuclear, marine and mechanical handling equipment. Names such as Parsons, Peebles, Reyrolle, Thompson, Allen and Clarke Chapman are just some of those strengths.

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Clinton appoints Gore aide to crack whip in the White House

By Jurek Martin in Washington

PRESIDENT Bill Clinton yesterday named Mr Roy Neel, a veteran aide to Vice-President Al Gore, as a new deputy White House chief of staff, with the mission to concentrate on immediate political priorities.

The White House yesterday also partly confirmed a Wall Street Journal report that it was considering a delay in its health care reform package until the middle of next month, so as not to overload the legislative agenda.

Ms Dee Dee Myers, White House press secretary, said Mr Neel will focus on day-to-day operations while Mr Mark Gearan, the other deputy to Mr Thomas "Mack" McLarty, the chief of staff, will engage more in long-term planning.

This suggests that Mr Neel, aged 47 and an aide to Mr Gore while the latter was a senator, is meant to bring discipline to an enthusiastic White House staff that lacks some political experience. Mr McLarty himself is new to Washington.

This week, Mr Clinton had admitted that his administration needed to get its priorities straight and probably had lost some focus as it presented initiative after initiative to the Congress and to the public.

It has also proved hard for the president to concentrate on domestic issues as foreign exigencies – first, aid to Russia, and now the Bosnian problem – have commanded more and more of his time.

The elevation of Mr Neel, well regarded in Washington, is seen in some quarters as a setback for Mr McLarty, an Arkansas businessman long close to the Clintons. However, he seems to retain their confidence and is popular with the staff. Mr Clinton said this week that he simply needed some extra experienced help.

The health care proposals might now be delayed until mid-June in the hope that, by then, Congress will have made substantial progress on the critical budget process. This was the advice tendered by Mr Leon Panetta, budget director, in an interview last week, and it has been urged on the White House by Congressman Dan Rostenkowski, whose ways and means committee is considering the budget bill.

Health care reform was to have been announced by May 1, but this deadline was deferred partly because Mrs Hillary Rodham Clinton, chairman of the task force, had spent several weeks in Arkansas with her dying father.

Even now, there is no guarantee that Congress will have completed most of the work on the budget bill by the middle of next month. Several of its tax proposals, including those on energy and investments, are under heavy fire. If they go down, the administration will need to find deeper spending cuts in order to meet its ambitious deficit reduction goals.

Indeed, if the budget process is turning out badly, with a series of setbacks for Mr Clinton, then sweeping health care reforms, already controversial in so far as they are known, are likely to be given a dusty reception.

In general, the administration seems now more willing to compromise with Congress. This week, it has scaled back its plans for the mass vaccination of children, now to be confined mostly to the poor.

There have been further delays and probable modification to its proposals for reform of electoral campaign finance, reflecting stiff opposition from the majority Democratic party. Mr Neel is expected to be pivotal in deciding what to send to Congress, and in what form.

Energy tax risks being cut to death

By George Graham in Washington

PRESIDENT Bill Clinton's proposed energy tax has run into more opposition this week as it starts its journey through the committees of Congress.

While business and farm groups have embarked on a campaign to kill the tax altogether, the greatest danger to the administration's plans appears to be the likelihood of a string of exemptions and loopholes.

These would reduce the estimated $73bn the tax is expected to raise over five years, and also weaken its secondary purpose of encouraging energy efficiency.

The administration had already made concessions between the first announcement of the tax and publication of its details. Bowing to pressure from maize-growing states such as Illinois, it agreed to exempt ethanol and methanol, and also exempted home heating oil in deference to concerns from icy New England.

But members of Congress from oil-producing states are keen to make further changes to the bill, such as moving the point of collection downstream away from the oil well or coal mine. And some representatives of farming communities are pushing for a blanket exemption for agriculture.

The tax will be levied in general at a rate of 25.7 cents per million British thermal units, with a surcharge of 34.2 cents per million BTUs on refined petroleum products.

Many members of Congress have their own concerns about the tax. Montana's Senator Max Baucus is worried about the effect of the tax on the aluminium industry, a heavy energy user, and representatives from other northwestern states, which get much of their electricity from dams, are arguing for hydro-electric power to be exempted like most renewable energy sources.

Productivity growth grinds to halt in first quarter of year

By Michael Prowse in Washington

THE surge in productivity growth that marked early stages of the US recovery ground to a halt in the first quarter, the Labour Department reported yesterday.

Productivity (output per hour) in all non-farm businesses declined at an annual rate of 0.1 per cent, relative to the fourth quarter of last year – that quarter had shown a productivity growth of 4.1 per cent compared to the previous one.

Productivity grew by 3.3 per cent over the whole year – the biggest jump in a decade.

The slowdown was restricted to the service sector of the economy. Manufacturing productivity grew at an annual rate of 4.8 per cent over the fourth quarter, and was 5 per cent higher than in the equivalent period last year – the best performance since 1977.

A deceleration in overall productivity growth was inevitable after increased hiring in the first quarter and a sharp reduction in growth of gross domestic product.

Most analysts, however, believe the productivity slowdown is temporary. Economists at Merrill Lynch, the New York financial services group, predicted 2-3 per cent productivity growth for this year as a whole: "In our view, the long-term productivity trend may have risen to 2 per cent a year – double the pace of the past 20 years."

Pérez demands trial decision

By Joseph Mann in Caracas

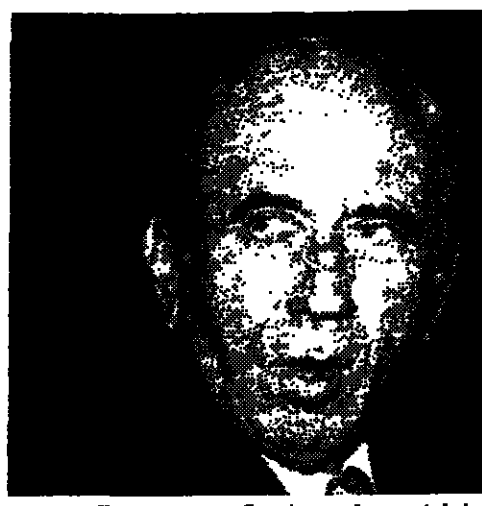
VENEZUELAN President Carlos Andrés Pérez has urged his country's Supreme Court to end uncertainty over his political future by deciding immediately whether sufficient cause exists to impeach him.

In a letter released yesterday Mr Pérez said: "The nation's tranquillity and the development of its economic activities, in particular, make it urgently necessary that the decision on whether or not to try the chief executive be clarified immediately."

Since March 11, the court has been studying a petition filed by the attorney-general to impeach Mr Pérez over alleged improper use of $17m in government funds. A successful impeachment would force a president out of office for the first time in Venezuela's 35 years of democracy.

The matter came to a head this week when the local press revealed that Chief Justice Gonzalo Rodríguez Corro of the Supreme Court had drafted an opinion calling for impeachment, and that he had sent copies of it to the other 14 members of the court.

The full court has not yet issued a ruling – it has about two weeks in which to do so – but publication of the chief justice's opinion pushed the president to write to the court.



Pérez: Telling Supreme Court to end uncertainty

News of the chief justice's letter had appeared in the press on Wednesday, amid false rumours said that the president had resigned, pushing the Caracas stock exchange down more than 5 per cent. Venezuela's external debt bonds also weakened on international markets.

Under the constitution, if a president cannot perform his duties, the chairman of Congress becomes acting president for up to 30 days. Mr Octavio Lepage, the chairman and long a leader of the ruling Democratic Action party, lost to Mr Pérez in the 1988 race for the party's presidential nomination. Mr Lepage has opposed the president's free market policies over the past four years.

During the 30-day period, the two chambers of Congress, the Senate and House of Representatives, are required by the constitution to choose from among themselves a president to serve out the rest of the current term.

Mr Pérez, elected to a five-year term by a strong majority, is due to reach the end of his term in February next year. Whatever happens, he is not allowed to succeed himself.

Freeze on assets clouds Ecuador's debt talks

By Stephen Fidler in Buenos Aires and Raymond Colitt in Quito

NEGOTIATIONS between Ecuador and its bank creditors over restructuring of $6.5bn in medium-term debt have been complicated by a senior creditor's attempt to secure a debt repayment.

The creditor, the Zurich-based Weston Compagnie de Finance et d'Investissement, secured last week from a court in New York a pre-judgment order to freeze the assets of the Republic of Ecuador and other state entities. Weston was demanding repayment of $20m in various syndicated loans it had bought at a discount in the secondary market this year.

The order, yet to be confirmed, froze some assets of the state-owned oil shipping company Flopec. However, Ecuador's central bank said that, "due to opportune precautionary measures" it had taken, the country's international reserve position had not been affected.

Mr Michael Strauss, a New York lawyer for Weston, said his client had requested payment from the government "before it was forced, by the defendant's refusal to pay, to commence action in the courts."

Talks between the government and creditor banks, led by Lloyds of Britain, over debt rescheduling have been moving slowly. Banks want Ecuador to resume partial interest payments stopped last July, suspecting the government is trying to depress the secondary market price of its debt in preparation for a buy-back.

They have objected to a government proposal, made in December, which suggests holders of debt should tender it in a unified auction for cash or financial instruments.

The banks also dislike Ecuador's lack of explicit recognition of overdue interest – which accounts for $2.2bn of the $6.5bn under negotiation – and say the discount of nearly 70 per cent being sought is excessive.

In response, they have suggested a more conventional, "Brady-style" debt reduction agreement, named after former US treasury secretary Mr Nicholas Brady. Banks would exchange debt for two types of concessional bonds and a discount of 35 per cent.

This structure is similar to that agreed in principle this week between creditor banks, led by Bank of Nova Scotia, and the Dominican Republic. This agreement, covering $775m of debt and $265m of arrears, allows for an exchange of debt for two types of concessional bonds, a discount of 35 per cent and separate treatment of overdue interest.

The Ecuadorean government says it needs bigger concessions.

Argentine pension approval

By John Barham in Buenos Aires

ARGENTINA'S Congress has taken an important step towards approving controversial government proposals to introduce a private pension fund system.

The lower house of Congress approved a substantially altered version of a government bill, introduced last August. This now goes to the senate, where the government has a majority.

It is not expected to undergo further fundamental modifications.

The government says a privately managed pension fund system is needed to develop Argentina's capital markets and provide industry with long-term finance.

It would also remove a heavy financial liability from the government, which is running a social security system riddled by deficit.

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The FT proposes to publish this survey on 23rd June 1993

The FT prints simultaneously in five centres:- London, Roubaix, Frankfurt, New York and Tokyo and is circulated in 160 countries.

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Key Data

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Cash Flow	18.4	19.9	8
Net Income	14.1	14.3	2
Dividend	7.2	7.8	8
Extraordinary Dividend	—	27.0	—
Total Assets	387.0	400.9	4
Capital and Reserves	*109.7*	*89.0*	*-19*
Staff	221	212	-4

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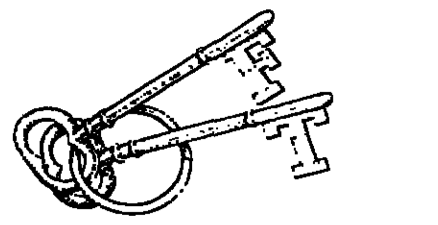

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FINANCIAL TIMES

NEWS: WORLD TRADE

Claims accord aims to boost ship financing

By Frances Williams in Geneva

A NEW international convention on maritime liens and mortgages, adopted yesterday by more than 60 maritime nations, is expected to encourage ship financing by giving mortgage lenders improved security on their investment.

The convention defines a restricted list of maritime liens that can take priority over registered mortgages. It was adopted by a plenipotentiary conference in Geneva convened by the UN Conference on Trade and Development and the International Maritime Organisation.

In the event of a forced sale of a ship, the claim of the mortgage lender is currently subordinated to a host of maritime liens - claims against the ship which have priority over all others and which travel with the ship irrespective of owner or flag. They are enforceable in law, making it possible to arrest and sell the ship to satisfy the claim.

Maritime liens vary from country to country and are not necessarily recognised by others, so that creditors cannot be sure that claims will be recognised and in what order of priority. Unctad officials believe this lack of uniformity has handicapped ship financing and fleet development, especially in developing countries.

The maritime liens entitled to priority treatment under the convention cover: wages owed to the master and crew; death or injury claims against the vessel; salvage rewards; pilotage, port, canal and other waterway dues; and claims for physical loss or damage against the ship, other than damage to cargo, containers or passenger effects.

Countries can grant other maritime liens on a vessel but they will rank below registered mortgages in priority for claims. In addition, holders of such maritime liens cannot benefit from payments of "hull insurance" if the ship sinks, and their claims lapse within certain short fixed time limits.

The convention opens for signing in New York in September and will come into force six months after 10 states have agreed to be bound by it.

Brussels threat on energy

By Andrew Hill in Brussels

THE EC competition commissioner, Mr Karel Van Miert, wants to take six countries to the European Court for maintaining monopolies on the import and export of gas and electricity.

He told a conference on competition policy yesterday that such a move would give all member states a "clear warning that things will change" in the energy sector, where Commission liberalisation plans have made little headway.

Mr Van Miert alleges that Denmark and France have retained monopolies on the export and import of gas to other EC countries, while Spain, France, Italy, Ireland and the Netherlands have monopolies in electricity transit, contrary to treaty rules. The infringement was so obvious he did not see how the court could fail to back the Commission's hard line.

The EC has adopted directives to free up the transit of electricity and gas across EC borders. Proposals to open up the energy sector to greater competition are stalled as many states oppose "third party access" to the networks.

Teams tackle 'market access'

By David Blackwell and Anthony McDermott

THE US and the European Community have set up technical teams to study their different interpretations of "market access", Mr Mike Espy, US agriculture secretary, said yesterday.

Market access, or the lack of it, has been a serious stumbling-block in the Uruguay Round of trade liberalisation talks held under the aegis of the General Agreement on Tariffs and Trade.

The decision to set up these teams was reached in recent talks in Brussels with Mr René Steichen, EC farm commissioner. The teams are expected to complete their task before the G7 meeting in Tokyo in July.

Mr Mickey Kantor, US trade representative, said on Wednesday that US and EC trade negotiators had made "some progress" in talks to produce a "large market access package".

The two are negotiating in 12 industrial product areas, and in most of them they are "getting very close" to agreement to reduce the tariffs on both sides to zero.

Last November, the US and the EC ended a five-year bilateral row over oilseeds when the EC agreed to limit its planted acreage. Under the accord – the so-called Blair House agreement – there would be an output limit of 9.7m tonnes on this year's crop yields, or 11m tonnes on the basis of last year's yields.

Mr Espy said he regarded the Blair House accord as a "bilateral discussion" but one which was "already concluded". But the definition of market access remained "very vague". If it was not clarified, the Uruguay Round would not pass through the US Congress.

But progress towards broader enactment of these reforms would be "a slow journey". He criticised French opposition to the Blair House agreement, although the approach under the new government of Mr Edouard Balladur had been more restrained. "The angriest protesters, " Mr Espy said, "are ones with tractors – especially if those protesters speak French".

Egypt to favour US wheat

By Mark Nicholson in Cairo

EGYPT WILL continue to import more than 70 per cent of its wheat from the US this year, despite its diminished reliance on US loans for grain imports, a senior official said

Mr Samir al-Shakankiri, deputy head of the state supply corporation, said Egypt would import 4m tonnes of wheat from the US this year out of a total of 5.5m – roughly the same proportions as in 1992.

Egypt, the world's third largest wheat importer, earlier this year signed for just $50m worth of US wheat import loans for this year, against $150m in 1992. The country's swelling hard currency reserves, now around $14.5bn, have enabled it to cut reliance on the loans and buy grain on spot markets for cash.

It spends about $1bn annually on wheat, being able to produce domestically only 40 per cent of its yearly consumption.

The cut in US loans under Washington's "Food for Peace" programme, had led to speculation that Egypt might reduce its call on US grain, in particular taking advantage of European wheat.

Soap success for Brazil's Globo

By Christina Lamb in Rio de Janeiro

THERE are few countries in the world which have not shown a Brazilian television soap opera or do not have one on its screens.

The popularity of these *novelas* has made TV Globo, the main Brazilian channel, a leading exporter of programmes, with overseas sales of $25m last year. Globo *novelas* have been bought by 120 countries and are showing in 67, says Mr Jorge Adib, head of overseas sales and marketing. Of last year's Globo overseas sales, all but $1.5m came from *novelas*.

The company now has a new success with a format already sold for $3m to 21 countries, including the US, Germany and France.

Called *Você Decide* (You Decide), it consists of a 40-minute drama interrupted at the crucial moment by a presenter asking viewers to call in and vote for one of two possible endings, both ready for transmission. This caused controversy in Brazil, where viewers' tendency to vote for the less ethical end has led to talk of a collapse of the moral fabric of society.

Globo's copyright enables it to sell the idea rather than ready-made programmes. Some countries have bought the format, but others also buy the dramas and use their own presenters. The fee depends on audience size, so Germany pays $12,000-15,000 per episode, Paraguay just $300.

Mr Adib is delighted: "Soaps everyone does – but, for the first time, we are selling a genuinely Brazilian creation."

In 1975, when Globo began to sell abroad, "we were very third world and mostly just sold goals from football matches," says Mr Adib. The big breakthrough came in the early 1980s with its costume drama *Isaura, Slave-girl*, a Brazilian variation on *Gone with the Wind*. This was even sold behind the iron curtain, which then never bought from the west. The leading actress was mobbed in the streets of Beijing.

Soon Globo became known to the world's main TV buyers and is now accepted as a top producer. The biggest market for the four *novelas* it makes a year is Portugal (Brazil's language is Portuguese), where two Globo productions on rival channels are vying for top of the ratings.

Greece drags its feet on public utilities sell-off

There is opposition even within the cabinet, writes Kerin Hope

THE GREEK government's decision last month to call off negotiations for a 600MW gas-fired power station at Lavrion near Athens, to be constructed using the build-operate-transfer (BOT) form of private financing, will have disappointed the two international consortia shortlisted for the $500m project. But it will hardly have come as a surprise.

The ruling conservatives' privatisation programme is being challenged as fiercely by cabinet members in prime minister Constantine Mitsotakis's government as it is by the trade unions and the socialist opposition.

Moreover, the state-owned Public Power Corporation (Deh), the potential customer

Manos: 'no alternative'

for power from the Lavrion plant, appears reluctant to give up its monopoly of electricity production with the introduction of BOT. Under a BOT contract, an infrastructure project is built and operated by a private concern which pockets the profits for an agreed period before transferring it to government ownership.

International companies bidding for public procurement contracts in Greece are resigned to enduring bureaucratic delays. But Deh's unwillingness to start co-operating with a private partner was underlined by what, even by local standards, seemed excessive foot-dragging.

It took two years for the Lavrion project, the first of four thermal plants planned under the BOT system, to reach the stage of shortlisting bidders. The start of contract negotiations with Tractebel of Belgium, which heads one of the two shortlisted international consortia (the other was headed by Asea Brown Boveri, the Swedish-Swiss engineering group) was postponed for three months after it emerged, by a narrow margin, as the low bidder.

By contrast, the government is only a few weeks behind schedule in a more complex project, the sale of a 35 per cent stake in OTE, the state telecoms group, to an international telecoms operator, together with a stock market flotation of another 14 per cent of the company.

However, the economy ministry, prevented from financing large infrastructure projects by the size of the public sector deficit, remains an enthusiastic advocate of BOT, in highway and bridge-building as well as the energy sector.

Under the BOT system, the contractor would assume the risk of financing the Lavrion project, paying off the debt with revenues earned from operating the plant for 25 years before transferring it to Deh.

Mr Stefanos Manos, economy minister, argues that Deh's poor management record and huge debt, amounting to Dr900bn (£2.7bn)leaves the government with no alternative but to turn to the private sector.

"With such a high level of debt, Deh can't go on commissioning turnkey projects. But almost everyone is opposed to letting in the private sector," he says.

Both management and unions voice doubts whether a private contractor can produce electricity at cheaper rates than Deh. In private, however, they sound more concerned about jobs and influence being lost.

Almost every extended Greek family has at least one member employed or on pension from one of the big state enterprises used by politicians for making patronage appointments.

"The politicians think they won't be elected unless they get their voters jobs and public sector managers don't want to upset cosy relationships with suppliers and contractors. The government isn't being determined enough about privatisation," says Mr Stelios Stavridis, a private consultant recently appointed to oversee the privatisation of Aspropyrgos Refinery.

The government's record on privatisation was not helped by revelations that officials at Calcestruzzi, a subsidiary of Italy's Ferruzzi group which paid Dr124bn last year for a state-owned cement producer, Heracles General Cement, were involved in paying kickbacks to Italian politicians.

However, privatisation officials brush aside allegations that some smaller companies included in the privatisation programme were sold on favourable terms to Greek businessmen with close ties to the conservative New Democracy party. So far, about 70 companies out of 200 originally listed for privatisaion have been disposed of.

The socialist opposition has been quick to exploit the government's discomfiture, pledging that if it returns to power in the election next year, it will re-examine privatisation deals and reverse any BOT contract signed by Deh.

Mr Mitsotakis says the government is still committed to BOT financing for the Lavrion project. However, the decision to start the tender process over again, ostensibly to ensure maximum transparency, smacks of political expediency. There is little likelihood that tender procedures can be completed in time for a contract to be awarded before the election next year.

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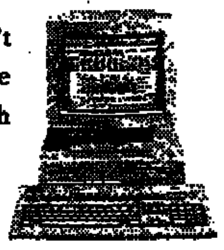

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Banking body is buying up few loans, raising doubts about restoring public confidence

Japan makes slow start on bad debts

By Robert Thomson in Tokyo

THE JAPANESE banking body set up to clear the mounting pile of problem loans, the Co-operative Credit Purchasing Company, bought only one loan last month, raising doubts about its ability to restore public confidence in banks and the property market.

In the weeks before the fiscal year ended in March, banks pumped Y661.7bn ($6.1bn) in bad loans into the CPCC, which bought them at a generous 66 per cent of face value, enabling the banks to get the loans off their books and write off a relatively small loss.

But in April, the CCPC bought only one Y100m non-performing loan from a second-tier regional bank, suggesting its main purpose was to enable banks to get their books in order for the close of the financial year. The CCPC bought the loan for Y80m, allowing the unidentified bank to record a loss of Y20m.

Officially, the leading 21 banks had Y12,300bn in property-related problem loans in September and an estimated Y13,500bn at the end of March. However, that figure does not count affiliates' problem loans or those on which interest rates are cut to almost zero to support a collapsing company – a generally accepted unofficial estimate is Y30,000bn.

Japanese banks' problems arise from their lending to property developers and their acceptance of overvalued property as collateral during the late 1980s. Increasing fears of a bank collapse prompted the industry to establish the CCPC, which values the property and other collateral and buys the loan credit.

Under the CCPC's guidelines, banks wanting to sell loan credits have to provide the company with the necessary funds, and they remain responsible for selling the property, even though they have theoretically sold the collateral to the company. The real effect of the transaction is to allow the banks to take a write-off for tax purposes.

It was also hoped that the company would help to put a floor under property prices through its valuations, but in the first three months of operation the CCPC has recovered only Y410m of the Y452.1bn in loan credits purchased. Only two properties held as collateral have been sold.

CCPC officials yesterday said the rate of purchases should increase in coming months, and 100 loans were under review, but the slow pace of debt collection and banks' waning interest in the body have limited its effectiveness.

A recovery in Tokyo stock prices and indications of rising demand for some housing have encouraged banks to resume property-related lending, which rose 6.3 per cent in February, compared to a year earlier, the Bank of Japan said yesterday.

Japan's Finance Ministry has an informal rule that a warning should be issued to banks when property lending growth is more than 3 per higher than overall lending growth for two months, as was the case in January and February. But the ministry said "there does not seem to be a need to issue warnings" at present.

It is expected the leading banks will announce individual problem loan totals this month, showing that, officially, these range from 9 per cent of outstanding loans at one trust bank to under 2 per cent at the strongest commercial bank.

Mr Paul Heaton of Smith New Court Japan said the official ratios would be far lower than the real burden, and the slow pace of loan purchasing at the CCPC suggested the banks would "take a very long time" to shed bad loans.

Irritation at Yeltsin postponement

THE UNEASY relationship between Japan and Russia was further strained yesterday after President Boris Yeltsin's visit to Tokyo, scheduled originally for last September and then for later this month, was postponed again, **Robert Thomson writes.**

Japanese officials were also irritated that the announcement was conveyed informally to news organisations in Moscow before it was delivered formally to Tokyo.

In September Mr Yeltsin complained that Japan was placing too much stress on an unresolved dispute over ownership of the Kurile Islands, occupied by Soviet troops at the end of the second world war. Japanese representatives again emphasised the islands dispute last week at a preparatory meeting for the visit.

Tokyo assumes that Mr Yeltsin was under pressure from conservatives in Moscow to hold his ground on the dispute and preferred not to make the trip now.

"In some ways you can't say the visit was postponed because it was never formally announced," a Japanese foreign ministry official said. Mr Yeltsin decided last month to invite himself.

Another official said the postponement was an example of the "lack of diplomatic etiquette" in Moscow, and a sign that the Russian government appears to have misunderstood the two-tier Japanese policy on the islands.

At a meeting last month of foreign and finance ministers from the Group of Seven leading industrialised nations, Japan was prepared to drop its bilateral demand for the return of the islands. It conceded that the multilateral forum, designed to muster assistance for Russia, was not the place to settle a bilateral dispute.

Japan, which promised $1.82bn in aid at the meeting, insists that the islands remain at the top of the agenda when the two countries meet, and expects that a visit by Mr Yeltsin to Tokyo would include a concession on their ownership.

Mr Yeltsin is still invited to attend the Tokyo G7 summit in early July, and Japanese officials say they have received indications from the Russian government that he may come on a bilateral visit in September or October.

Washington on defensive over loans for Vietnam

Hanoi is looking for money, while the US is looking for policies, reports **Victor Mallet** from the ADB meeting

NOT FOR the first time at an international forum, the US was on the defensive at this week's annual meeting of the Asian Development Bank.

Its isolation was particularly marked over its continuing refusal to countenance ADB loans for Vietnam because of a US economic embargo dating back to Hanoi's Vietnam war victory in 1975.

Japan, Germany, France and Asian countries all pressed Vietnam's case at the ADB, as they have at the International Monetary Fund and the World Bank. But the Clinton administration, fearful of lobbyists at home who claim Vietnam has hidden or killed US prisoners of war, has deferred a decision on renewing multilateral aid until the next IMF board meeting in June.

The US has only 13 per cent of the voting power in the ADB, but the bank likes to ensure consensus before taking any decisions.

Iran's application for membership is being blocked by the US and some of its allies, but Vietnam is already a member and is just unable to borrow. "We think that we should be treated equally with other member countries," Mr Cao Sy Kiem, the head of the Vietnamese delegation, told the meeting.

ADB staff are itching to start lending to Vietnam and have already visited the country numerous times to prepare 10 projects which will focus on much-needed improvements to Vietnam's infrastructure, including electricity transmission, water supplies and Saigon port. The ADB expects to extend more than $200m a year in soft loans to Vietnam as soon as Washington gives the green light. "We have prepared everything for Vietnam for the last two or three years," said one ADB official. "We have been waiting at the starting line, but no gun is fired."

The US was given only a marginally more sympathetic hearing at the ADB this week when it called for the bank to restrain its urge to lend more and more each year and reaffirmed its reluctance to accept a proposed doubling of the bank's $23bn capital.

Developing Asian countries and Japan, the other main shareholder along with the US, boasted that in 1992 the ADB had lent a record $5bn in ordinary and soft credits. Several western nations, however, echoed the US calls for thrift and a greater emphasis on the quality rather than the quantity of projects.

The planned capital increase and the "sustainable level of lending" (SLL) concept – a pet phrase of US representatives to multilateral institutions these days – proved to be controversial even among the US and its allies.

The basic idea of SLL is simple enough: development banks should reach a point where they can fund new lending from their own profits and from the incoming repayment of previous loans instead of expanding for ever with repeated injections of cash from the US and other donors. The arguments arise when it comes to deciding what annual level of loans is desirable in the long term.

If SLL was applied now, ADB officials say, the bank would have to restrict its annual lending from ordinary resources to about $3.4bn, or below the present level of around $4bn, whereas the bank's managers intend to increase lending by more than 10 per cent a year to $7bn or $8bn by 1998 to meet growing demand for finance from China, India and others.

"We could be bonsai-ed, like a plant in a pot that never gets bigger," says one senior ADB official.

Many bank officials believe the US proposal of SLL is linked to its reluctance to subscribe to the capital increase.

One way to avoid a capital increase, the US says, is to reinterpret the ADB charter so that it is the total loan disbursements – rather than loan commitments – which must not exceed capital and reserves of about $27bn. Loan commitments are close to the limit but disbursements lag behind and there is more than $11bn of undisbursed ADB loans.

ADB officials say that if the charter is reinterpreted, as Washington wishes, to remove the limit on commitments, then SLL or some other safeguard is obviously needed to prevent the bank from making loan promises it cannot keep. "SLL is only relevant if you have a new charter interpretation – to stop you making more commitments than you can find when you disburse," says Mr Günther Schulz, ADB vice-president for finance and administration.

Several countries, including France, expressed reservations about SLL and said regular replenishments of the bank's resources were important because they allowed shareholding nations to review and discuss the ADB's objectives.

The US was further weakened in its isolated stand at the ADB by the sense of uncertainty among US representatives about the Clinton administration's as yet unformed policy towards multilateral institutions, by the relatively junior level of its delegation, and by the fact that the US is in arrears on its existing commitments to the ADB and its soft loan arm, the Asian Development Fund.

Most Asian delegates left Manila with the impression that the Americans, whether discussing Vietnam or the proposed capital increase, were playing for time until they can decide what policies to adopt.

UN hopeful on Cambodian vote

By Tony Walker in Beijing

THE United Nations said last night it felt encouraged to proceed with preparations for a "free and fair" election in Cambodia later this month, despite continued attempts at disruption by the Khmer Rouge.

Mr Yashushi Akashi, head of the UN peacekeeping force in Cambodia, said after meeting Cambodian faction heads in Beijing he had been "given encouragement" to proceed with elections planned for May 23-27. However, he conceded that Khmer Rouge absence from the process coupled with threats to disrupt the election was "not a very happy omen".

Earlier, Mr Son Sann, the leader of a moderate Cambodian splinter faction, had urged the United Nations to postpone elections in the strife-torn country to allow further reconciliation efforts.

Mr Son Sann's call was debated at a meeting convened at Prince Norodom Sihanouk's villa in Beijing and attended by representatives of three of Cambodia's four factions. The Khmer Rouge, responsible for the deaths of an estimated 1m Cambodians during their 1975-79 rule, stayed away.

Mr Akashi, head of the UN Transitional Authority in Cambodia, strongly recommended that elections proceed as planned. "No Cambodian party should have a veto on peace or the electoral process," he said.

AP adds from Phnom Penh: Gunmen believed to be Khmer Rouge guerrillas attacked a train, killing at least 13 people and injuring dozens more, a UN spokesman said. The 50 guerrillas blew up a section of railway track in the north-western province of Battambang and then opened fire on the carriages.

Israelis take hard line, poll shows

By Roger Matthews in Washington

DIVISIONS in Israel over the pace and direction of the Middle East peace talks in Washington intensified yesterday, with an opinion poll revealing that 59 per cent of those questioned opposed any territorial concessions to the Arabs.

The Gallup poll, published by the newspaper Ma'ariv, is a blow for Mr Yitzhak Rabin, the prime minister, who already this week has argued publicly with Mr Shimon Peres, foreign minister, over the peace process and faces renewed problems with the unity of his coalition government.

Some 59 per cent of those Israelis questioned said they were against territorial concessions to the Arabs, even if Israel maintained control over some land along its pre-1967 borders and east Jerusalem. Mr Peres earlier this week said he favoured an eventual federation between the West Bank, Gaza and Jordan, a suggestion promptly rejected by Mr Rabin.

The prime minister has asked cabinet colleagues to stop public discussion of the peace process, but two ministers said on Wednesday they believed it was time to give a decisive push to the negotiations. Mr Arye Deri, the minister of the interior, immediately warned that such comments gave the impression Israel was conducting a clearance sale in the occupied territories.

Boers prepare their own revolution

By Patti Waldmeir in Potchefstroom

SOUTH AFRICA'S angry white farmers yesterday took a leaf from the manual of the black liberation movements and staged a Boer version of mass action in the ultra-conservative town of Potchefstroom in the western Transvaal.

About 3,000 farmers, clad in khaki shorts with a revolver in the waistband, shouted "shoot them, shoot them" and threatened war against blacks if white farmers are killed. At least six farmers or their wives have been killed since the April 10 assassination of Mr Chris Hani, the Communist party leader, unleashed a wave of black outrage.

Bluster and belligerence were the order of the day. But plans for the war failed to get off the ground: the man who was supposed to lead it – retired General Constand Viljoen, one of a group of former police and army generals who have recently threatened to form a "white army" to fight political reform – was in remarkably tame mood.

He pleaded with farmers to treat their black workers well so they would remain loyal on the day of the revolution, and urged Afrikaners to unite. With the right wing split into some 200-odd fringe groups, unity is likely to remain an elusive.

Gen Viljoen, one of the five-man group calling itself the Committee of Generals, says his aim is to form a united Boer front to exert pressure on South Africa's constitutional negotiators – before it is too late.

As constitutional talks near a climax, and the African National Congress and the government vow to reach a constitutional deal within weeks, right-wing politicians know this is their last chance to push for the autonomous Afrikaner state which is their central goal.

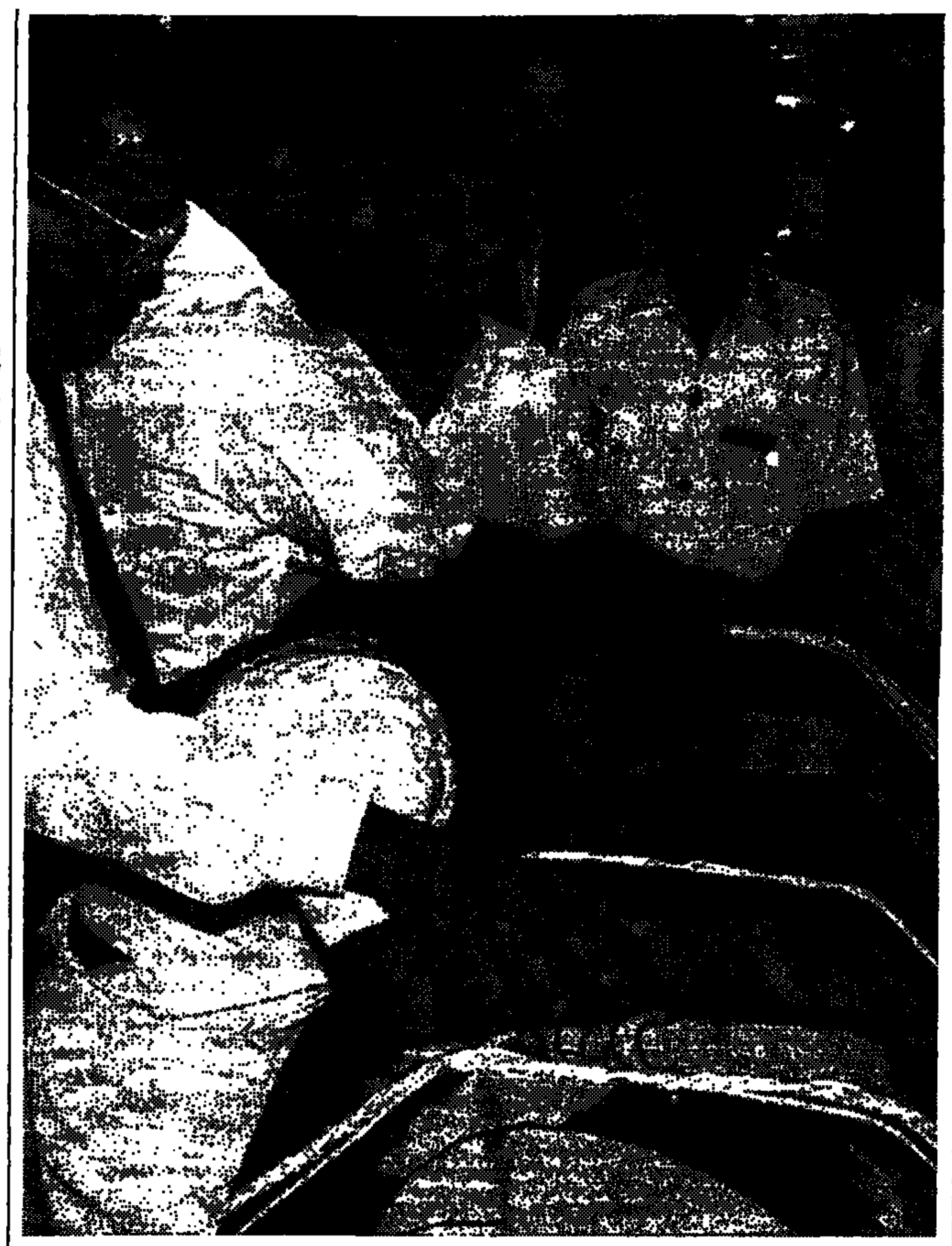
They say they will stage mass protests, strikes and boycotts – the familiar tools of black resistance – to persuade the negotiators they are serious. And if that fails, war.

But 3,000 farmers do not make an army, and the top brass of both police and army are believed to back reform.

The right might remember that when 1,000 white farmers tried to break up a National party political meeting in the western Transvaal town of Ventersdorp two years ago, white police fired on them, leaving three dead.

With Mr Peter Mokaba, ANC Youth League leader, popularising the chant "kill the Boer", farmers have clear cause for concern. Booklets on sale at the gathering, including one entitled Provisions for Crisis: survival in the new South Africa, offer advice on how to prepare for the revolution by laying in stores of tinned food and emergency water supplies. Another gives tips on "armed protest".

"Don't look for a bloodbath," one speaker warned. "Or you'll get it and we'll win it." But as Gen Viljoen pointed out, the government entered negotiations precisely because it could not win a war against the ANC. It is difficult to believe that whites will try that tactic again soon.



The daughter of assassinated Sri Lankan President Ranasinghe Premadasa cries over his coffin, moments before it was taken on a procession through Colombo for cremation yesterday. The funeral ceremony, of great calm and dignity, was attended by far smaller crowds than the organisers had expected, writes Stefan Wagstyl in Colombo.

The low turnout disappointed the ruling United National Party which had hoped the funeral would prove a show of political strength. The mourners numbered fewer than 10,000 compared with 100,000-plus who attended the funeral last week of a murdered opposition party leader, Mr Lalith Athulathmudali. UNP officials blamed the turnout on a curfew which forced thousands of mourners to start their journeys home before the funeral started.

Police and army units were deployed throughout the city to prevent possible unrest. There were fears that the majority Sinhalese community might seek to attack members of the Tamil minority. The Tamil Tigers, a Tamil insurgency group, is widely blamed for the president's death.

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The Directors of Schroder International Selection Fund have resolved that as from 7th June, 1993 the investment objective of Global Equity Fund will be amended as follows:

"To achieve capital growth through flexible global investment. Investments will include primarily large and medium sized company equity securities in the world's major markets with individual market representation weighted according to relative gross domestic product. The Directors intend to pursue a policy of seeking sound long term value. Investment decisions will be made utilising the global research network of the Schroder Group based in Tokyo, Hong Kong, Singapore, Zurich and New York. The estimated annual gross yield is expected to be 1.75 per cent."

In addition, the Fund which is presently denominated in ECU will be denominated in US dollars.

Holders of Bearer Shares who wish further information on this change should contact Schroder Investment Management, London, telephone (44) 71 382 6587.

The Board of Directors

NOTICE OF CHANGE OF INVESTMENT OBJECTIVE
GLOBAL BOND FUND

The Directors of Schroder International Selection Fund have resolved that as from 7th June, 1993, the investment objective of Global Bond Fund will be amended as follows:

"To provide a high total return of capital growth and income through investment in an actively managed portfolio of fixed and floating rate securities. The Manager will seek to provide a return in excess of a representative index of world government bond markets by the active management of (a) the fixed interest market exposure; (b) the maturity of securities within markets; (c) currency exposure, including the use of forward currency contracts to minimise risk. Permitted investment may include supranational bodies, or corporations, with the restriction that a minimum credit rating of AA (or equivalent) from one or more of the following credit rating agencies (Moody's, Standard & Poor's, IBCA) should apply. The estimated annual gross yield is expected to be 9 per cent."

In addition, the Fund which is presently denominated in ECU will be denominated in US dollars.

Holders of Bearer Shares who wish further information on this change should contact Schroder Investment Management, London, telephone (44) 71 382 6587.

The Board of Directors.

Algeria reforms run out of steam

State of emergency has retarded economy programme, writes **Francis Ghilès**

MR ALI Kafi, the Algerian head of state, is due to address the nation tomorrow to outline a strategy for coming out of a 15-month state of emergency. But as political pressures, fuelled by Islamic fundamentalism, show no signs of abating, the economic reform programme is losing momentum.

Mr Belaid Abdessalam, when appointed prime minister last July in the wake of the murder of Mr Mohamed Boudiaf, Mr Kafi's predecessor, decreed a "war economy", a campaign to clear up corruption and stamp out the black market. He also promised ordinary Algerians their standard of living would not suffer from economic reforms.

Many Algerians, however, were mindful of Mr Abdessalam's past. He was Algeria's economic overlord from 1965 to 1978 when a policy of massive industrialisation was launched and tight state control imposed on foreign trade. They share the view of many foreign observers that their country has, ever since, been paying a heavy price for this attempt to turn Algeria into "the Japan of Africa by the year 2000".

The prime minister has so far been unable to deliver. There has been no campaign against corruption, the black market flourishes, and wages in the state sector were frozen last winter. Loosening the noose of Algeria's $26bn foreign debt, the servicing of which still absorbs three quarters of export earnings, has proved impossible.

The prime minister has reinstated government control on imports of all foreign goods worth more than $100,000 and refused to allow the dinar, which lost half its real value between 1989 and 1991, to continue depreciating. These two decisions have prevented any new agreement with the International Monetary Fund.

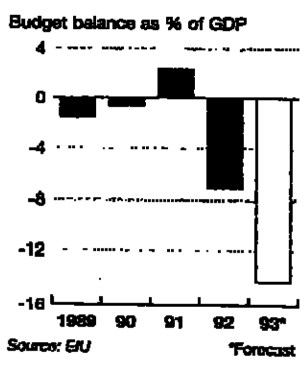
The one-year standby agreement reached with the IMF in June 1991 was in effect scuppered when that December the then prime minister, Mr Sid Ahmed Ghozali, granted a 40 per cent wage increase to workers in the state sector in an attempt to buy the elections. The attempt failed and the now banned Islamic Salvation Front (FIS) went on to win elections which were subsequently annulled.

The government has stuck to one key element of the reforms, the freeing of all prices, bar those of basic foodstuffs such as flour and dairy products. But it says it is putting off other measures because it is unwilling to risk unleashing a social explosion at a time when it is engaged in an ever bloodier confrontation with radical Moslem groups.

Under the new import system a committee of senior officials chaired by the minister of commerce must pronounce on roughly 1,000 import requests at its weekly Sunday meetings.

Algeria

Budget balance as % of GDP



Source: EIU *Forecast

One senior minister confesses that "the system is a nightmare and quite unmanageable".

It also favours the large state corporations whose mismanagement and overstaffing are at the root of Algeria's economic woes and corrupt ways. It does nothing to rationalise the state sector as it allows entities which are de facto bankrupt access to the same foreign credit facilities as others whose health is far better. It also crowds out well-run private companies.

The prime minister then suspended some articles of the Law on Credit and Money which in April 1990 had opened Algeria to foreign investment by granting the same conditions for all investors, be they domestic or foreign, state or private.

By December 1991, 131 foreign companies had signed joint ventures to produce or distribute goods in Algeria, with planned investments of $2bn. Names such as Peugeot, Fiat, Daewoo, Pfizer and Rhône-Poulenc bear witness to the fact that many large western companies were interested in investing in Algeria.

Another cause for concern is the budget deficit, which is set to double this year, reaching 14.2 per cent of gross domestic product. In 1991 the budget surplus amounted to 2.4 per cent of GDP. This mushrooming deficit is the result of the wage increases granted 18 months ago and of the growth in credit to state enterprises. Inflation is an estimated 30 per cent a year.

Pressure on Algeria's external finances meanwhile remain considerable, despite the recent granting of a $900m package of Japanese Exim Bank loans to finance developments in the energy sector, the only one which is attracting a steady flow of foreign investment.

Lack of agreement with the IMF has led Algeria into an impasse. Failure to pursue economic reforms is explained in government circles by the priority given to fighting "terrorism". Yet the real economy continues to decline.

The prime minister is the only man with the ability to break the impasse. Many Algerians doubt however that Mr Abdessalam really believes in the reforms.

مكرر من التحليل

Don't fret before the big meeting. Laugh, cry, scream, gasp and giggle instead.

You've dotted the i's. You've double-crossed the t's. And now, with another four hours of flying still to go, your mind just doesn't want to let up.

It niggles. It worries. It makes a nuisance of itself generally.

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Eight different channels run for 6½ hours each, and there's a fresh 49 hours on the return flight. So you'd have to fly twice round the world to see it all.

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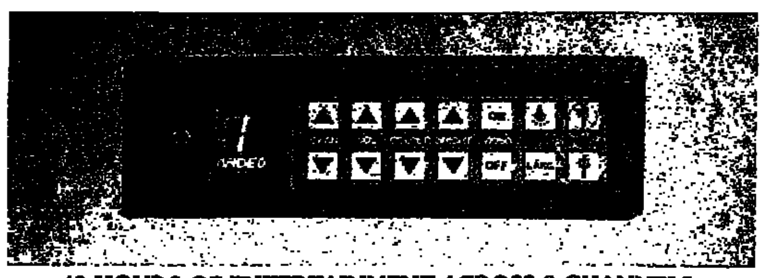
Then again, some like it old. So there's the movie classics channel. And for those who like it silly, the comedy channel. Or there's sports. Or the arts. Or current affairs. And just for luck, another movie channel. All at the touch of a button on your own personal control pad, and all with pin-sharp picture clarity.

It's funny how when you've been bitten by Dracula, loved and lost in La Bohème and played with



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Insurance agents face tough code

By Norma Cohen

LIFE insurance sales agents would be required to tell prospective customers what they are allowed to sell, who pays them, and, by use of graphs, the charges for each product, according to proposals under consideration by the Securities and Investments Board.

The SIB, the City of London's chief regulatory watchdog, yesterday released a study by a consultant, Mr Tim Miller, who it had asked to make proposals for new rules which would limit the sale of unsuitable products.

A SIB study last year found that one quarter to one third of all life insurance products are cancelled within the first two years.

It is believed that high lapse rates of policies in early years are closely linked to their sale to people for whom they are clearly unsuitable.

Mr Miller's proposals address most of the objections to current rules raised by the Office of Fair Trading in March.

The Treasury is currently reviewing the OFT report and if it agrees with its conclusions, will direct the SIB to draft new rules to put it into effect.

Sales of government bonds to non-UK investors reach highest level since July 1987

Gilts purchases total £2.7bn in March

By Peter Marsh, Economics Correspondent

THE BANK of England said yesterday that non-UK institutions bought £1.1bn worth of gilts in March, the highest monthly number since July 1987. Total gilt sales were £2.7bn.

In February, foreigners bought £1bn worth of gilts. The figures for overseas purchases in February and March augur reasonably well for the bank, which in the next year must sell large volumes of gilts to foreigners to fund the big fiscal deficit for 1993-94, expected by the Treasury to reach £50bn.

Separately, figures released by the bank showed that the rate of growth in money in circulation fell back last month, underlining the fragility of any upturn.

M0, the narrow measure of the money supply which mainly comprises notes and coins, grew in the year to last month by a seasonally adjusted 4.8 per cent, after year-on-year growth of 4.9 per cent in March.

This was the first fall in the year-on-year increase in M0 since December, when this figure fell to 2.8 per cent from 3.0 per cent the previous month.

The figure for April is, however, much higher than the comparable numbers for much of last year. It signifies that retail spending is more buoyant than early in the recession.

Mr Don Smith, an economist at Midland Global Markets, said the M0 numbers indicated consumer spending might be increasing at a lower rate than had previously been thought.

● The longer leading index of economic indicators, which highlights turning points in economic activity about 11 months in advance, has flattened in recent months, after rising strongly towards the end of last year.

The Central Statistical Office said the rise in optimism recorded in the April Confederation of British Industry quarterly industrial trends survey had offset a fall in share prices.

The coincident index, which moves in line with the business cycle, has resumed its rise following some hesitation last autumn.

Official global warming targets 'unrealistic'

Bronwen Maddox predicts a critical reception for the government at today's conference in London

MR MICHAEL HOWARD, environment secretary, opening a government conference today on how Britain should meet international global warming targets will face fierce criticism that government emission forecasts are unrealistic and keep changing.

In his budget statement, Mr Norman Lamont said that Britain had put in place measures to get two thirds of the way towards the target of stabilising carbon dioxide emissions at 1990 levels by the year 2000.

According to government forecasts, the UK needs to cut emissions by 10m tonnes of carbon (mtC) to a level of 160 mtC.

However, in workshops organised by the Department of the Environment in preparation for today's conference in London, industrialists and environmentalists attacked the 10mtC figure as too low. Their main worry was that emissions were forecast to rise steeply after the end of the decade, largely due to rising traffic levels.

The workshops have also indicated that the voluntary basis of present government schemes is inadequate.

Environmentalists are also likely to question today why the Department of the Environment has issued several conflicting sets of figures since the budget to explain how the 10mtC target will be met.

In evidence to the parliamentary select committee on the environment on Wednesday, the DoE said that the newly-formed Energy Saving Trust and information and education schemes would contribute savings of 2mtC to 3.5mtC this decade.

This indicates a larger role for the trust, which is intended to encourage households to save energy, than the DoE forecast soon after the budget, when it predicted a saving of only 2.5mtC.

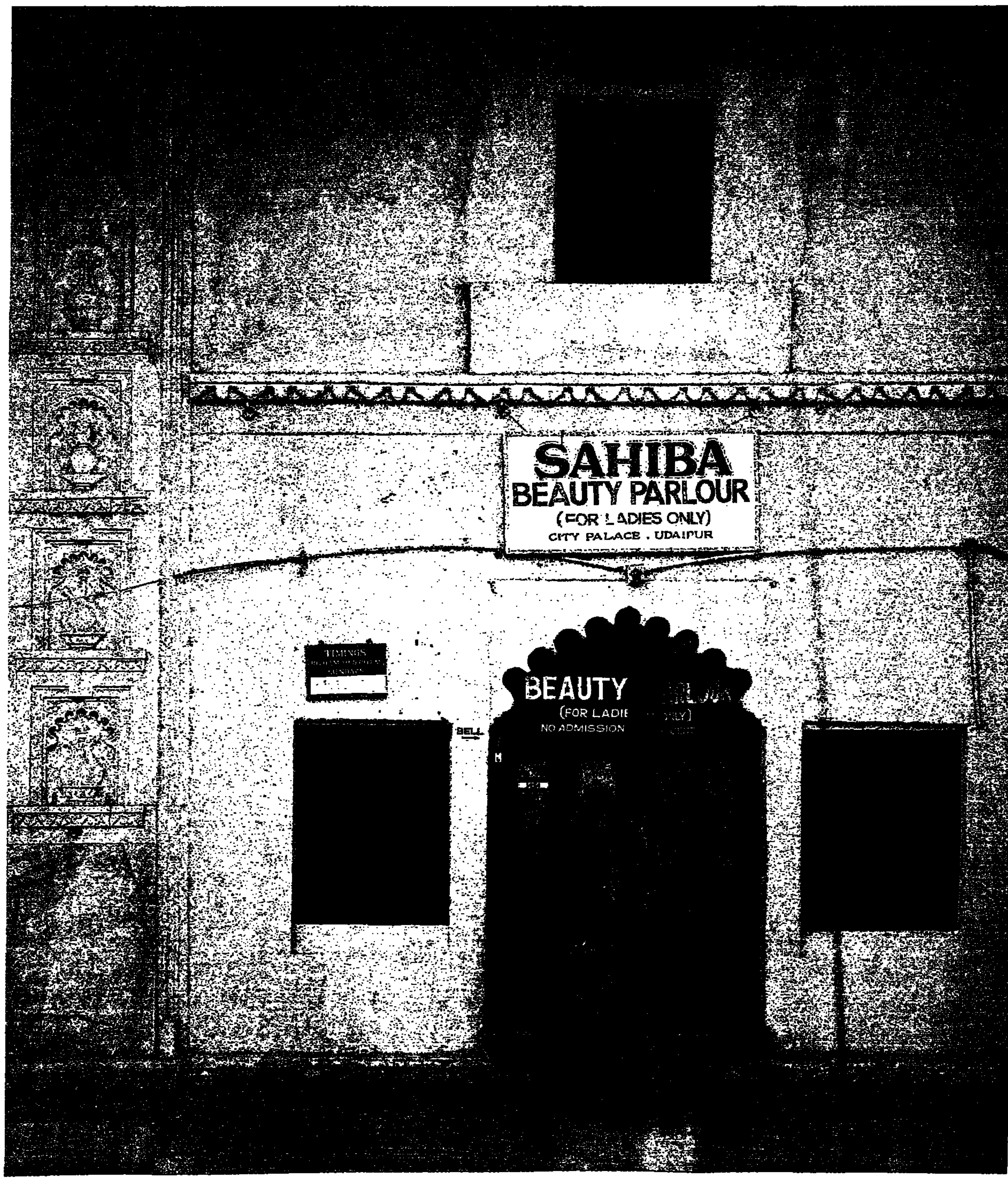
The DOE's estimate of the part played by new building regulations has also fallen in the past two months from 0.5mtC to 0.25, according to the DoE's evidence.

Mr Andrew Warren, director of the Association for the Conservation of Energy, said: "We had the initial commitment from the chancellor, reiterated by the prime minister, and it now seems that they are juggling the figures between different programmes to make them add up".

The DoE said yesterday: "The figures given on Wednesday are our latest estimates".

The prominent role given to the trust, which announced its first scheme only this week after taking more than a year to set itself up, has also been arousing scepticism among both environmentalists and the utility companies.

According to government figures, the trust would have to invest between £300m and £400m a year to save 2.5mtC.



[illegible] comes the oil and the balm. The way to tranquillity such as this is not easy (especially for the *gentlemen* of Udaipur)... Wherever you are, however, you'll find your Visa card brings inner peace, as it's accepted for more transactions around the world than any other card. Which is why [illegible]

VISA

Britain in brief

City road blocks help cut crime

Armed road blocks and other anti-terrorist measures undertaken by the City of London police have contributed to a substantial reduction in crime in the Square Mile, according to force commissioner Mr Owen Kelly.

Although the security measures failed to prevent last month's Bishopsgate bombing Mr Kelly said that they had generated a significant spin-off in other areas. Crime in the City went down by 10.6 per cent last year and, he said, the reduction so far this year was running at 16 per cent.

Senior officers attribute the fall to high profile armed road blocks mounted in the city since last year, and the presence of more uniformed officers on the streets.

Fishermen aim to disrupt

British fishermen have launched a campaign of administrative disruption aimed at frustrating the EC's fisheries regime and government policy on preserving stocks.

It emerged that fishermen's leaders secretly agreed last month on a tactical switch away from blockades to non-compliance with EC quota restrictions and new licencing limiting the number of days they can spend at sea.

Further blockades similar to those which disrupted a number of major UK ports since the beginning of the year have not been ruled out.

But the new campaign surfaced with leaders of the National Federation of Fishermen's Organisations (England and Wales) and the Scottish Fishermen's Federation urging their members to appeal en masse against the new licencing arrangements of the Sea Fish (Conservation) Act.

Sunday law may cost jobs

Unrestricted Sunday shopping would lower retail prices and raise shopworkers' average wages but lead to the loss of 19,000 jobs in the retail sector, according to an independent study commissioned by the Home Office.

It says tighter restrictions, favoured by trades unions, small shops and religious groups, would create jobs. But industry efficiency would suffer, retail prices would rise and average wages would fall.

The study says total deregulation – one of the options favoured by the government – would cut retail prices by 0.3 per cent, saving the average household £18.40 on its annual shopping bill.

The average retailing wage would rise by £135 a year. But although deregulation would boost short-term employment, it would eventually eliminate 19,000 retailing jobs, or 1.5 per cent of the current workforce.

The study, by London Economics, a consultancy, forecasts that almost two-thirds of shops in England and Wales would trade on Sunday if it were made legal, compared with fewer than 40 per cent today.

Racial cases 'two a day'

Police reports of racial incidents in south-east London more than tripled to 811, or more than two a day, in the five years to 1992.

The figures, covering the London boroughs of Southwark, Lewisham, Bromley, Greenwich and Bexley; also reveal a doubling of incidents recorded between 1990 and 1992.

The information was released by Mr Charles Wardle, home office minister, in reply to a written question from Mr Peter Bottomley, a Tory MP.

UK failure rate improves

The number of receiverships and administration orders dropped substantially last month, providing evidence of continued decline in business failures.

There were 255 appointments in April compared with 409 in March, according to figures published in the official London and Edinburgh Gazettes analysed by accountants Touche Ross.

The figure is the lowest level since the 325 reported in December 1989, and compares with 389 in April last year, providing further evidence that the worst of the recession may be over.

The statistics can easily be distorted in a single month by a group of companies being placed into insolvency proceedings at the same time, or by occasional random events.

£ blamed for holiday prices

Thomson, the largest UK travel company, said that sterling's devaluation had resulted in price increases of up to 10 per cent for holidays to some European ski resorts.

Prices for all winter 1993-4 holidays sold by Thomson will, however, increase by only 2 per cent after the company warned resorts they risked losing UK business.

Thomson had warned all resorts that they would not attract UK tourists unless they took the weaker pound into account when setting prices. Ms Astles said: "Our negotiating stance was to say: 'If you don't help us you will lose business.' Not everybody helped us, but quite a lot of people realised that it's no use having a price rise of 14 per cent."

BUSINESSES FOR SALE

REPUBLIC OF POLAND
MINISTRY OF PRIVATISATION

INVITATION TO NEGOTIATE

The Polish Ministry of Privatisation, acting on behalf of the State Treasury in accordance with Article 23 of the Act on Privatisation of State Enterprises dated 13th of June 1990 ("the Privatisation Act") issues an Invitation to Negotiate to all suitably qualified parties interested in the purchase of shares in one of the following two companies ELEKTROMONTAZ WROCLAW SA and INDUKTA SA (the "Companies").

ELEKTROMONTAZ WROCLAW SA is a company which specialises in manufacturing and installing low voltage distribution, switching and protection devices and is located at Wroclaw in the south west of Poland.

INDUKTA SA is one of the leading manufacturers of electrical motors in Poland and is located at Bielsko Biala in the south of Poland.

On offer is the total share capital of each enterprise, less shares offered to the employees of the Companies. Up to 20% of shares in each of the Companies shall be offered to the employees on a preferential basis in accordance with Article 24 of the Privatisation Act. Investors are invited to negotiate for all or part of the remaining share capital, but offers must be for more than 10% of the total share capital.

Interested parties should record their interest in writing by 4th June 1993. The Ministry of Privatisation reserves the right to extend this deadline, but is under no obligation to consider expressions of interest or requests for an Information Memorandum after that date.

Upon receipt of an expression of interest and subject to the signing of a Confidentiality Agreement, an Information Memorandum will be issued to interested parties. The Information Memorandum will provide the guidelines and timetable for preparing and submitting a proposal for the purchase of shares in the Company.

Information Memoranda may be obtained from Pro-Invest International Ltd. or RES & Co., who are advisors to the Ministry of Privatisation in these transactions and any expressions of interest or enquiries regarding this invitation should be addressed to one of these two advisers at the respective addresses below:

RES & Co
Attn. Robert Ethrington
Partner
6 Elysium Gate
126 New Kings Road
London SW6 4LZ. U.K.
tel: (071) 371-7371
fax: (071) 371-7321

Pro-Invest International Ltd
Attn. Pawel Jagiello
President
14 Chocimska Street
00-791 Warsaw, Poland
tel: (22) 48-95-32 or (22)49-34-58
fax: (22) 49-58-69 or 3912 11 23

Virgin begins court action against BA

By Paul Betts, Aerospace Correspondent

VIRGIN Atlantic Airways yesterday launched new High Court proceedings against British Airways following the failure of the two airlines to settle their long running "dirty tricks" dispute.

Mr Richard Branson, Virgin's chairman, said the two airlines were now "at war". Virgin issued a writ against BA alleging copyright infringement, breach of confidence and misuse of confidential information.

Mr Branson said Virgin had attempted for the past four months to reach a compromise with BA.

BA said it regretted that Virgin had discontinued settlement discussions. "BA has made it clear that any liability which it may have will be met in full", it added in a brief statement.

The High Court action relates to Virgin's allegations that its bigger UK rival accessed Virgin passenger details and information as well as data concerning aircraft and load factors relating to flights and associated passenger and travel services. Virgin also said the court proceedings were only the first of other legal and regulatory steps it proposed taking against BA in various jurisdictions including the US and the European Community in the next few months.

After BA agreed to pay Virgin £610,000 in libel damages and apologised "unreservedly" in the High Court in January, Mr Branson warned he intended to take further legal action if he did not secure adequate compensation for the commercial damage he claimed Virgin suffered as a result of BA's "dirty tricks" campaign.

Negotiations between the two airlines broke down on in March after Virgin rejected a £9m cash compensation offer because Mr Branson found a "vow of silence", sought by BA, unexceptable.

Virgin said it intended to subpoena Sir Colin Marshall, BA's chairman, Mr Robert Ayling, managing director, and Mr Liam Strong, BA's former head of marketing and operations and now chief executive of Sears, one of Britain's biggest high street retailers, to force them to give evidence in the High Court.

Baroness Thatcher, the former prime minister, launched a fresh attack over Europe and called again for a referendum

Major rebuffs Thatcher call for referendum

By Ralph Atkins

BARONESS Thatcher yesterday accused the government of living "in cloud cuckoo land" in believing its retreat over Maastricht changed nothing – as Mr John Major said ratification could proceed regardless.

She admitted to misjudging how the 1986 Single European Act would increase the European Commission's powers. But she said: "When you get your fingers burnt, the most silly thing to do is to bring forward a bigger and worse Act which is equivalent to putting your head in the fire."

Cabinet ministers are confident that Maastricht's formal ratification can go ahead – without waiting for the expected legal challenge by Tory Euro-sceptics.

Mr Major told MPs the amendment, which removed Maastricht's social protocol, only affected UK law – not the treaty the government would sign. "No change, no social chapter, no backdoor socialism," he said.

Baroness Thatcher's attack, which irritated rather than alarmed ministers, was combined with a fresh appeal for a referendum – rejected by Mr Major. Results of telephone referendum on the treaty, organised by Maastricht's opponents, including Baroness Thatcher, showed that, after excluding suspect calls, an overwhelming majority (93.5 per cent) of the 55,000 callers, was opposed to the treaty.

TV share jackpot set to reach £55m

By Raymond Snoddy

MANAGERS AT London Weekend Television seem likely to hit the biggest jackpot yet in British television history with a payout worth more than £55m that will create 15 millionaires.

Under a management option scheme linked to share performance, Sir Christopher Bland, chairman of the ITV station, stands to make a gross profit of more than £7m in September, the trigger month for the scheme.

Mr Greg Dyke, LWT chief executive, Mr Ron Miller, sales director and Mr Brian Tesler, former chairman, are each likely to get more than £5.3m.

Ironically if Mr John Birt, BBC director-general, had stayed at LWT, he would have had more than £5m in shares instead of a BBC pay package of just £200,000 a year.

Sir Christopher denied the scheme was too generous to management. "It's an outstanding reward for outstanding performance," he said.

Bectu, the broadcasting union, described the management share scheme as "obscene".

Since the scheme was launched, LWT has been the top ITV performer on the Stock Exchange and 10th in the All-Share Index.

The payouts have only become possible because LWT retained its ITV franchise in the 1991 competitive tenders with a low bid of £7.58m a year and has continued to cut costs. The aim was to tie managers to the company during the franchise period.

The LWT scheme, which prompted controversy among a number of institutional shareholders at the time, dates from a 1989 capital restructuring when the company gave existing shareholders 130p a share paid out of company resources and debt to reduce the equity base by two thirds.

At the same time 44 managers were able to subscribe for unlisted management shares at 83.2p – to be paid for in cash or by rolling up the proceeds of an existing share scheme.

A number of thresholds were set for converting the management shares into multiples of ordinary shares.

To trigger the maximum payout of 4.048 ordinary shares for every management share, the LWT share price has to hit an average 278p in the 20 business days after this September's announcement of half-year results to June 1993.

Yesterday the LWT share price reached 392p as confidence continued to grow in the prospects for a recovery in television advertising.

Lex, Page 18

US iciness over Northern Ireland begins to thaw

George Graham explains why the visit of the Ulster secretary to Washington is well timed this year

WHEN Northern Ireland secretaries made their annual visit to Washington in the 1980s, they often faced scepticism and even downright hostility from some members of Congress. Sir Patrick Mayhew this week received a much warmer reception.

Congressman Frank McCloskey, an Indiana Democrat, described Wednesday's meetings with Sir Patrick as "very cordial".

"I was positively impressed," said Mr McCloskey, who is chairman of the Friends of Ireland in Congress.

The spectrum of opinion within the US on Northern Ireland has narrowed considerably. In the past, the administration and the foreign affairs establishment in Congress tended to back the UK, while some members of Congress, mostly from New York and Massachusetts, were willing to overlook some of the measures adopted by the Irish Republican Army out of sympathy for the aims of the Irish nationalists.

Today, President Bill Clinton's nominally more interventionist Northern Ireland policy has been refined since he took office into something much more palatable to the UK government. In addition, many members of Congress representing Irish-American constituencies show much less sympathy for the IRA than in the past, and are much less critical of British policies.

Both British and congressional officials credit the work of Mr Peter Brooke, the former Northern Ireland secretary, in starting peace talks, as well as the 1989 Fair Employment Act, which went some way towards meeting US criticisms of job discrimination against Catholics in Northern Ireland.

In addition, according to some congressional aides, the bomb which killed two children in Warrington earlier this year has further diminished the remaining reservoir of sympathy for the IRA.

The practical result is that little concrete action is likely to be taken in the US this year on Northern Ireland.

President Clinton has toned his promise to send a peace envoy down to a fact-finding mission. Although some kind of US delegation seems likely to visit Northern Ireland at some point, the White House appears in no hurry to name its leader.

At the same time, the State Department has maintained its policy of refusing visas to Mr Gerry Adams, the president of Sinn Fein, as someone who has engaged in terrorism.

Neither issue was raised at Sir Patrick's meeting on Wednesday with congressional leaders.

While legislation has been reintroduced offering sanctions against breaches of the fair employment principles proposed by Mr Sean MacBride, the late Irish statesman, congressional experts say it is unlikely to move forward.

Contributions to the multilateral International Fund for Ireland, however, are likely to pass more smoothly. The Bush administration was unenthusiastic about the fund, and the Senate was also eager to cut funding. House pressure, however, kept the money in the budget. This year, a $20m contribution is included in the Clinton budget request.

Campaign to save £2bn London rail scheme

By Richard Tomkins, Transport Correspondent

LEADING figures from the private sector yesterday mounted a campaign to end the delay on the £2bn CrossRail scheme, the biggest public transport project planned for central London.

They called on the government to demonstrate its commitment to the scheme by allowing the CrossRail Bill (draft legislation), currently held up in parliament, to go forward to a second reading before parliament breaks up for the summer.

The CrossRail scheme involves building a pair of rail tunnels under central London which would allow commuter trains from east or west of the capital to run through the City of London and the West End district.

It was postponed in March following a decision by the government that it should only go ahead if it could be jointly funded by the private sector.

The campaign to save CrossRail is being organised by London First, the private-sector grouping of 59 companies formed last October to lobby on behalf of the capital.

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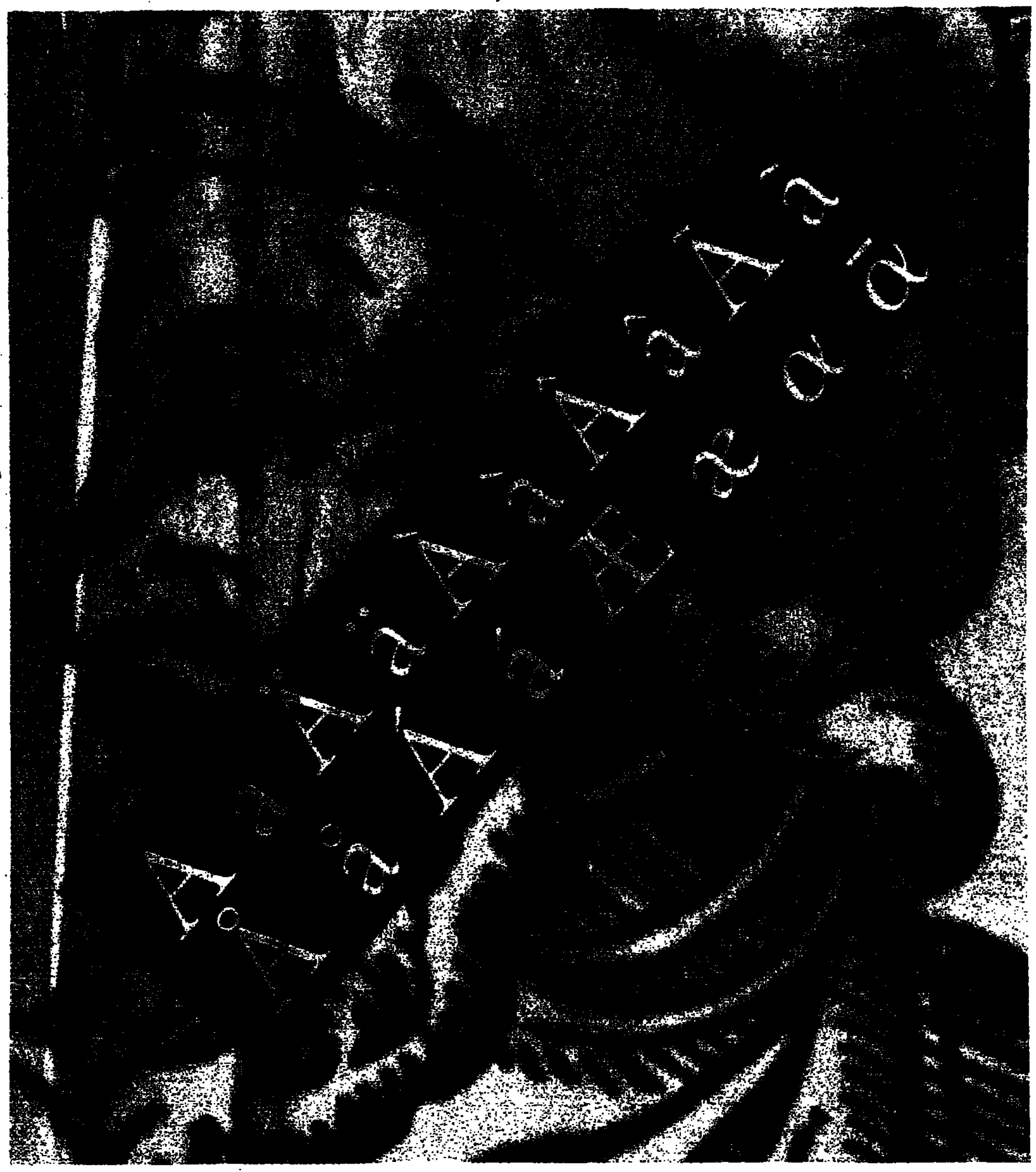

NEWS: Asil Nadir in Cyprus

Lost: a friend, a fortune and political clout

By John Murray Brown in Kyrenia

IT WAS Mr Turgut Ozal, the former Turkish president, who prodded Mr Asil Nadir to go the last time he flew to London, two years ago. On that occasion, Mr Nadir was arrested at Heathrow airport.

With Mr Ozal's death on April 17, Mr Nadir may have lost his most powerful friend and ally in Turkey. It must have been clear long before the latest episode, though, that Mr Ozal was no longer prepared to back him as he had in the past.

Mr Ozal's role in the Nadir saga is central to understanding the way Turkish business works. During Polly Peck's liquidity crisis in 1990, there was little enthusiasm for the 11th hour effort by the government in Ankara to line up bridging finance. That operation was driven by President Ozal. The bail money made available for Mr Nadir was also rustled up by Mr Ozal.

He had used investments by Mr Nadir to inject competition into Turkish industry. He encouraged Mr Nadir invest in newspapers which lost huge sums but provided a badly needed boost in the late 1980s to Mr Ozal's flagging poll ratings.

But Mr Nadir's political connections and financial strength in the Eastern Mediterranean are far weaker than they were three years ago, shortly before Polly Peck International foundered. Even in northern Cyprus, where Nadir's reputation among local inhabitants remains strong, there were signs yesterday that the ruling administration was distancing itself from him.

Turkish officials said yesterday they were studying Mr Nadir's case. Ankara's one concern is that Mr Nadir does not try to come to Turkey with which, unlike northern Cyprus, the UK does have an extradition arrangement.

Like Turkish officialdom, the business community had since distanced itself from Mr Nadir. "He never had any real friends in Turkey, but what really hurt was how quickly the few friends he did have disowned him," says a former employee. This sense of betrayal is likely to dominate his thoughts as he plans his future.

If he was a powerful business figure in the area once, his empire is in tatters. Moreover, with the sale of his Turkish newspaper titles he is no longer able to influence opinion. Only in northern Cyprus, where his Kibris daily sells around 10,000, does he have a vehicle.

Mr Nadir's fall from grace is unlikely to have much direct impact on the Turkish economy. Turkish banks were always more wary of Mr Nadir than their foreign counterparts. He felt and was always made to feel an outsider.

In a development that is particularly galling for Mr Nadir, many of his former business rivals are now picking off his assets at prices well below their book value, as the Polly Peck administrators attempt to wind up their operation in the area.

The disposals of the Polly Peck businesses in Turkey, and attempts to seize assets in northern Cyprus, have also eaten into Nadir's influence. According to one former associate: "The reason he had influence in the past was that he had a lot of money. He doesn't have that any more."

But one friend of Mr Nadir said: "If there is one thing he was never short of, it is charm. There's no way back as a businessman but as a politician, well who knows?"

SFO admits it was warned of plans to escape

By John Mason

THE SERIOUS Fraud Office admitted yesterday that it was tipped off about Mr Asil Nadir's plans to flee the UK two days before he jumped bail and left for northern Cyprus.

But although police issued a standard warning to all major ports and airports, no individual surveillance operation was mounted on Mr Nadir or his Belgravia home.

Mr Nadir was therefore still able to slip out of the country in a chartered private jet aircraft.

The decision not to mount a surveillance operation on Mr Nadir followed a series of previous tip-offs that he might flee the country – all of which had proved false.

It is understood that on at least two previous occasions following such warnings, police mounted extensive surveillance operations on Mr Nadir and his Eaton Square home where, as a condition of bail, he was required to spend his nights.

In a highly unusual move to pre-empt possible criticism, the SFO yesterday issued a statement saying that following the last tip-off, the police had taken "action appropriate to the circumstances". It continued: "Throughout the SFO investigation, information has been received on a number of occasions from a variety of sources suggesting that Mr Nadir might imminently abscond. All such information was followed up by the police and Nadir continued to comply with his bail conditions."

The anonymous tip came in the early hours of last Sunday morning from a man claiming to act on behalf of Mr Ramadan Guney, the Turkish businessman who put up a £1m surety for Mr Nadir's bail – a sum he now stands to loose.

The SFO was yesterday given permission by an Old Bailey judge to issue a warrant for the re-arrest of Mr Nadir. During a short hearing, Detective Superintendent James Davis of the Metropolitan Police said Mr Nadir had reported to Savile Row police station on Monday evening according to his bail conditions.

That evening was the last sighting of the Polly Peck chairman and the warrant will remain unenforceable unless Mr Nadir returns to Britain or is arrested in a country which has an extradition treaty with the UK. The SFO's main hope of bringing Mr Nadir to trial rests on informal diplomatic pressures on Turkey and northern Cyprus.

Only the timing of flight was a surprise

By Gillian Tett

TURKISH Cypriot businessmen in London yesterday said that although they had been surprised by the timing of Mr Asil Nadir's flight, it had been widely expected that he would leave the UK. "It doesn't need a brain to see that he would go – who wants to go to prison?" said one shopkeeper, who refused to be identified, as he stood in his shop in Dalston, east London – a centre of the 100,000 strong Turkish Cypriot community in England.

Mr Ahmet Karadogan, a leader of the Turkish Cypriot research group and organiser of the Turkish business forum said: "The timing of this was surprising. But what was more surprising was that he didn't go earlier." He added: "The Turkish Cypriots feel there has been a very great injustice in the way the issue was dealt with and the length of time it took to come to court."

In shops and the cafes of Dalston, there was a widespread belief that the failure of the police to monitor Mr Nadir suggested he had received some connivance from the authorities. One community leader said: "In Turkey we have a saying: "Before you steal a minaret you must arrange a place to hide it – this was all planned before."

Mr Asil Nadir's past and present power base: Mr Rauf Denktaş, the Turkish Cypriot leader; Mrs Bilge Nevzat, Mr Nadir's younger sister who is believed to be living in the state; and Mr Turgut Ozal, the president of Turkey who died last month.

Bankruptcy vice was tightening

By Andrew Jack

MR ASIL NADIR was running out of time to comply with various English court orders brought to force him to co-operate with his trustee in bankruptcy, it has emerged.

Mr Neil Cooper, a partner with accountants Robson Rhodes and the court-appointed trustee, said yesterday that he had requested court orders to force Mr Nadir to provide him with greater information.

The action followed a failure by Mr Nadir to co-operate fully in Mr Cooper's attempts to identify the ownership of numerous assets and to trace a series of transactions.

If Mr Nadir had not complied with the orders shortly, he would have faced action for contempt of court, including possible imprisonment.

Mr Cooper said that he was unable to put a value on assets to which Mr Nadir might lay claim, because of questions over both ownership and valuation.

He warned: "There are quite likely to be assets in parts of the world that Mr Nadir can effectively control and we cannot."

He said potential assets to which there are claims by members of Mr Nadir's family included several casinos, newspapers, banking investments, an island and a floating house in Turkey.

Mr Cooper said he was taking legal advice about possible court action in Turkey in an attempt to take control of assets.

He added that the ownership three houses in northern Cyprus reportedly owned by Mr Nadir remained in dispute.

There are also numerous antiques, artefacts and oil paintings which have not yet been tracked down by the trustee in bankruptcy.

Meanwhile, administrators to Polly Peck at accountants Coopers & Lybrand, said that before Mr Nadir's escape they had been "getting near" to sales of numerous assets in northern Cyprus. These included several hotels and other companies.

UK in no rush to step up pressure

By Richard Waters

OFFICIAL attempts to bring Mr Asil Nadir back to the UK to face trial failed to advance yesterday as the attention of senior Foreign Office ministers remained focused on Bosnia. At the same time, other government departments said they were not involved in any new high-level initiatives to secure Mr Nadir's return.

Mr Candemir Onhon, Turkey's ambassador to the UK, was summoned to the Foreign Office, but Mr Tristan Garel-Jones, a Foreign Office minister, later cancelled a meeting with him to answer a question in the House of Commons on developments in Bosnia.

As a result, the moves to have Nadir returned were put on hold, having failed to make any headway the day before when the Turkish Cypriot administration rebuffed an approach from the British High Commission in Nicosia.

The Foreign Office said: "Mr Garel-Jones will press for Turkey to apply pressure for Mr Nadir's return". No other steps would be considered until the result of political pressure on Turkey became clear, it added.

The Serious Fraud Office was in direct contact with the Foreign Office yesterday, and continued to maintain that Mr Nadir's September trial had every chance of proceeding. Unofficially, however, other agencies in the City remained doubtful that his return could be arranged from the unrecognised break-away republic.

The Department of Trade and Industry, the ministry directly responsible for the SFO's investigations and prosecutions, said it was not playing any part in the attempts to secure Mr Nadir's return.

The Bank of England, which has emergency powers to apply financial sanctions against northern Cyprus, said that it had not been involved in any discussions with the Foreign Office, and did not expect the question of sanctions to be raised, at least for some time.

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MANAGEMENT

Martin Dickson looks at a growing US trend to casual dress at work

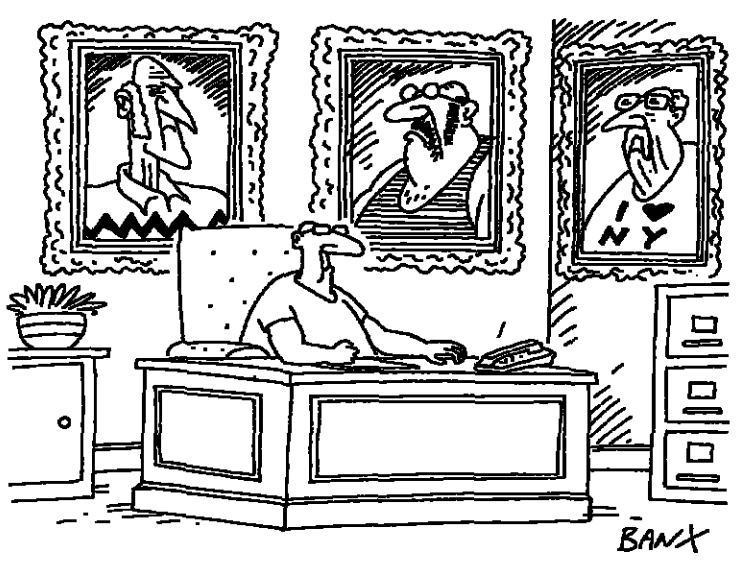
Pin stripes to jeans

It must be Friday because Bill Marx, head of AT&T's network systems division, is pacing his New Jersey office in one of his awesome golfing sweaters.

And down the corridor in the public relations department you can find spokesman Kevin Beagley sporting a blue Hawaiian-style shirt, jeans and Nike sneakers.

Friday is the one day of the week when staff at Network Systems' headquarters are allowed to wear casual clothes to work. Jeans, slacks, sweaters and brightly coloured shirts suddenly replace the drab conventional garments of the business world.

Network Systems is just one example of a widespread trend among US businesses towards more casual dress in the office, aimed at improving employee morale and productivity.



According to Michael Losey, president of the Washington-based Society for Human Resource Management, an association of personnel professionals: "Being able to dress casually in the office is a benefit for current employees and a recruiting tool for new employees. It's a morale booster. It opens the communication lines and brings senior management and the rest of the staff together."

Personnel managers argue that casual clothes can reduce stress and status distinctions, helping create the right kind of atmosphere for a business to succeed in the 1990s. Today's rapidly changing competitive environment means workers down the line must be prepared to accept added power and responsibility, and challenge those above them.

The trend began in California, as do so many American fashions. A decade or two ago companies there began introducing one casual dressing day a week – often called "dress down Friday" – while seven-day-a-week informality has always been the norm of the young, mould-breaking computer businesses of the state's Silicon Valley.

"We don't have a dress code," says Scott McNealy, chief executive of Sun Microsystems, "the only rule is that you must wear something."

From California, the practice has gradually spread nationally.

A poll of 500 businesses conducted last year on behalf of jeans manufacturer Levi Strauss – admittedly, hardly a neutral party – discovered 67 per cent of companies allowed some casual dress: 14 per cent every day, 23 per cent most days, 26 per cent one day a week and 24 per cent on special occasions.

Losey thinks the trend will continue: "I don't think we'll see a large number of organisations go to casual dress on a daily basis. But I do think you'll see organisations offering either a weekly or bi-weekly casual day."

A multitude of factors appear to lie behind the change, including: the entry to positions of power of the "baby boomer" generation, which tends to be less formal than its parents; the much greater number of women in the workforce, bringing with them more varied styles of work clothes; increasing amounts of work being conducted from home or inflexible hours, which blurs the distinction between office and leisure; and a trend for employees to "work out" at the office, accustoming staff to the sight of casual sports gear.

However, the practice still varies considerably by region, with casual dress most common in the Rocky Mountains and least so in the northern midwest and northeast, with their more conservative, sartorial traditions.

Yet even the most traditional companies are now unbending. Take AT&T, for example. The New Jersey telecommunications group, which 10 years ago was known as an archetypal, buttoned-up, grey-flannel-suit outfit, now has an informal "dress down Friday" policy across the company.

It might be thought that adopting casual Fridays would make a company less productive, on the grounds that employees wearing informal clothes would subconsciously think the weekend had already begun.

However, many companies which have introduced such a scheme insist this does not happen and in some cases productivity actually increases.

There are, however, limits to the trend. Employees working in areas where they are in contact with the public, or where conservative clothes are the norm, still tend to wear more formal garb. Examples include salespeople, consultants and lawyers.

And companies impose restrictions on the degree of informality they will permit.

At Network Systems, for example, shorts are frowned upon, though some other companies permit them in summer, provided they are neither frayed nor too short. Casual, in other words, does not mean sloppy or overly sexy.

Oxford backs NVQs

The success of National Vocational Qualifications (NVQs) – particularly at higher management levels – is still unproven. So the decision earlier this year to grant awarding body status to a department of Oxford University, should give NVQs a useful boost.

NVQs are a competence-based set of vocational qualifications which seek to span the whole gamut of qualifications from low-skill occupations to management and the professions.

It is a radical move by Oxford University to enter into the vocational education field, not least when some universities argue that they should not be tainted by vocational qualifications.

Research among leading companies by Oxford's Delegacy of Local Examinations (UODLE) – a university department – has shown that NVQ competence-based assessment plays a relatively minor role in internal management development at the moment.

But Alan Wilmott, director of the UODLE, is confident more companies will begin to realise the advantages of NVQs at higher levels.

NVQs, he says, should not be regarded as the poor relation of traditional management diplomas and MBAs. "The method of assessment is different but they are not a lesser form of achievement."

Involvement in NVQs, says Wilmott, is a natural extension of his unit's work in educational assessment and its more recent role in validating in-company development programmes.

The UODLE was established in 1857 and has since established itself as one of the main awarding bodies for examinations outside the university, including GCSE, AS and A Levels and English as a Foreign Language. In the 1980s UODLE decided to explore other commercial areas where it believed its expertise in assessment and validation could be applied. Hence the interest in NVQs.

At present two other organisations, the Royal Society of Arts and the Business and Technology Education Council, are also awarding bodies for these management qualifications.

Lisa Wood

CHRISTOPHER LORENZ

The subtle art of learning

A LITTLE learning is a dangerous thing in every walk of business life, but nowhere more than in "strategic alliances". Collaboration with friends and foes alike is now a key part of almost every company's competitive strategy. Hence the emergence of the ghastly term "virtual corporation" to describe shifting networks of companies which share costs and skills.

For each enterprise involved, the ability to extract knowledge and capabilities from its partner is becoming vital to survival.

Yet, with honourable exceptions such as Rover in cars and Motorola in electronics, few western companies are anything like as adept at such learning as the Japanese groups with which they so often ally. This is not just because the Japanese are inveterate learners, but because the rest of us are either blind or inept.

Consider the case of 40 hard-pressed American car component makers which set up joint ventures with Japanese partners in the late 1980s to improve their languishing profitability and to gain business from Japanese "transplant" factories in the US.

For all but eight of the companies, "learning from our partner" was an explicit objective. Yet after five years half of them complained that they were learning next to nothing. In almost all cases the reason was not that the Japanese had erected any particular barrier, but simply that the Americans were incapable of learning – whether as individuals, organisations, or both.

The reasons for this are illuminating. They get to the heart not only of alliance relationships, but also of the equally pressing question for any kind of change management, even within single companies: why "organisational learning", though fashionable, is such a tricky process.

Enlightenment on both issues comes courtesy of a joint study venture between a Canadian professor who specialises in the fast-growing field of organisational learning, Mary Crossan of Western Business School, Ontario, and an American strategy researcher, Andrew Inkpen of Temple University in Philadelphia.

In a working paper with the intriguing title of Believing is Seeing – as opposed to the often mistaken convention that "seeing is believing" – Crossan and Inkpen say that deep-seated managerial beliefs can obscure even the most visible lessons about one's partner's way of doing things. But they also argue that many Japanese skills are far from immediately visible to the average western eye.

Whereas most previous research into learning from alliances has been done at the level of the company, Crossan and Inkpen probe at three levels: individual learning; sharing it with colleagues and the parent company's managers; and the transformation of such "group learning" into fully-fledged learning across the whole organisation.

People find it far harder to learn and therefore to change, than they either realise or admit

Most of the individual US managers set out expecting to find easily observable chunks of "what" the Japanese knew. But instead, most of it was embedded in their ways of organising and competing. To take two trite examples, practices such as paying on time and "shipping 7,200 parts, not 7,201" meant far less on their own than they did as part of the Japanese partner's overall approach to "doing everything right".

The Americans also failed to appreciate that much of what they saw, though apparently insignificant, had a considerable cumulative effect thanks to continuous improvement. Instead, they looked in vain for "home runs".

Where things really got tough was when it came to turning individual learning into the shared variety and then exploiting it.

For a start, all the companies suffered from the "Chinese whispers" syndrome: the way that, in all but the best-managed organisation, individual learning is dissipated as it winds its way up the organisation. At every level, pieces of knowledge and information get distorted or disappear.

Matters were made far worse by the fact that few of the parent companies in the study had any real mechanism for feeding information, or the people who carried it, back to them. "Many companies were unwilling to incur the minimal expense of setting up learning arrangements such as sending key parent managers to the joint venture regularly to get first-hand experience," say the researchers.

In some cases this may have been because, regardless of their organisation's stated objective, managers in the parent company tended to see the joint venture as a way of filling a skills gap, not as a bridge to learning new ones.

So long as the joint venture remained unprofitable – which was often quite a while – most of the parent company managers also refused to commit themselves to any lessons from it, or even to try them out.

In typically short-termist American fashion, they measured the venture's performance only by its profitability, whereas the Japanese partner focused on non-financial measures such as rising product quality and customer satisfaction.

Even when there was clear evidence to the contrary, the parent company's managers were loath even to consider the possibility that "the child could outperform its parent". They felt threatened by the learning and blocked it.

You might think that this bunch of executives was unusually blind or stupid. Yet their sort of behaviour is all too typical of the "defensive routines" – conscious and unconscious – identified in all kinds of companies by other learning specialists.

As has been demonstrated time and time again, people find it far harder to learn and therefore to change, than they either realise or admit. The car component managers are not complete dunces, but extreme versions of ourselves.

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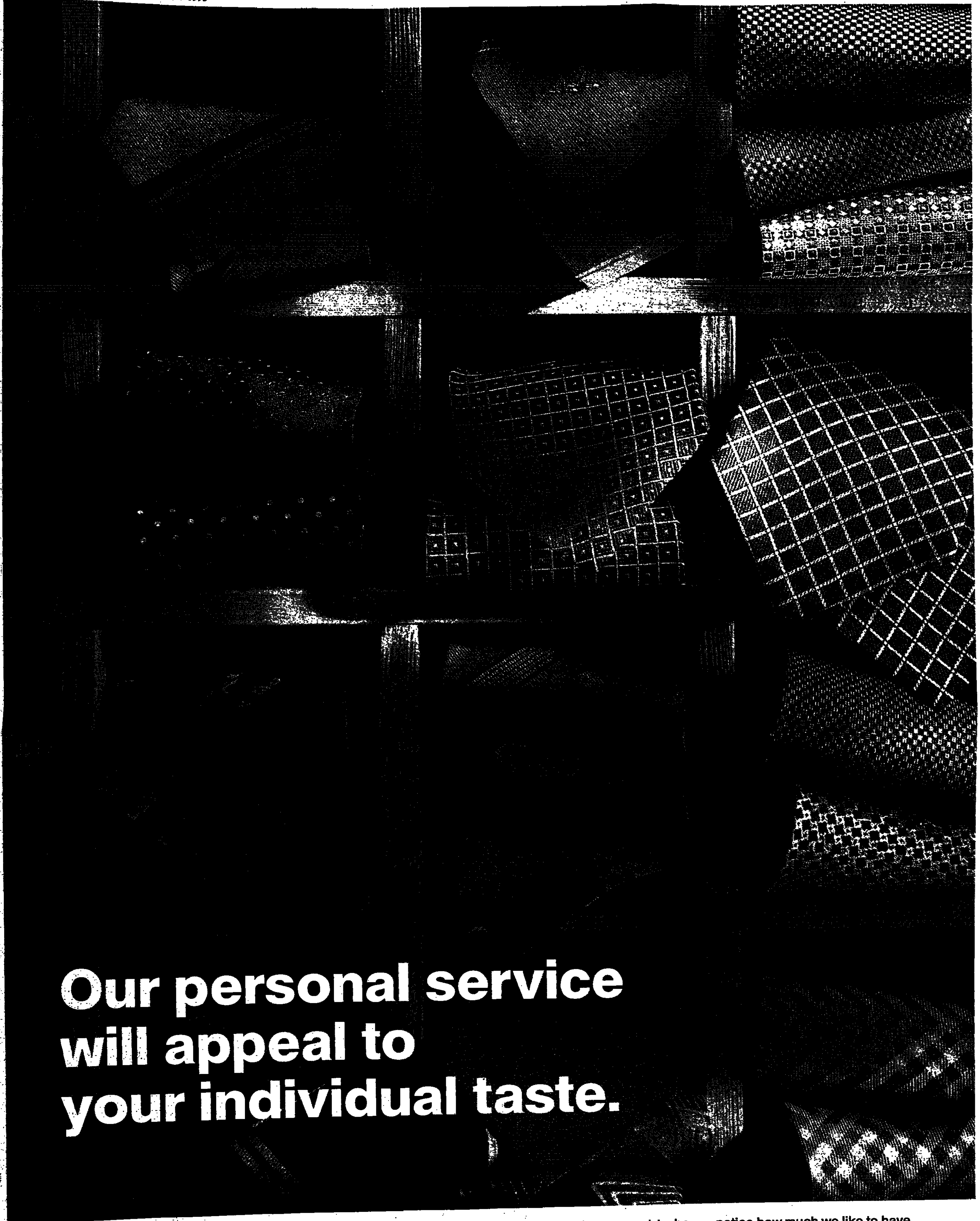

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TECHNOLOGY

Printers' colourful future

The black-only computer printer is going to fade into obscurity, in common with the black-and-white television set, according to market data gathered by Hewlett-Packard, the leading manufacturer of laser and ink-jet printers.

Until recently, most computer users regarded colour printers as an expensive luxury that they were hard pressed to justify. A serious drawback was that most colour printers could not produce high-quality black print.

That is changing rapidly, however, with the advent of low-cost colour printers that offer the same print quality and speed as their black predecessors.

Colour printing provides a means of producing documents on plain paper that include, for example, a company's logo. It is also increasingly used as a means of highlighting text or printing out paper copies of colour slides.

Colour printers represented about 11 per cent of the total 21 million computer printers sold last year worldwide, up from slightly more than five per cent in 1991.

The fastest growing segment of the printer market is personal computer colour ink-jet printers, with sales of 1.2m units last year, up 235 per cent from 1991.

By 1997, HP, which dominates this segment, predicts that black printers will account for only about 12 per cent of its ink-jet printer business, compared with about 64 per cent today.

The market is being driven, HP says, by the appeal of colour printing at only a modest premium over conventional black printers.

The latest addition to HP's range is a colour office printer. The 1200C, available initially in Europe, produces colour printed pages at a rage of seven per minute. It is priced at $1,389 (£926).

A version incorporating the Postscript print language is available for $1,939.

In an unusual move for the US-based company, HP has launched its new printer in Europe first, where it sees stronger demand for colour printers than in the US.

Other companies that have introduced colour printers this year include Apple Computer, Seiko, Laser Master and Nikon.

Louise Kehoe

Germany takes stock

Frankfurt is trying to shake off its wild-west image and become Europe's financial centre, writes **David Waller**

In Frankfurt's financial community, ambition is certainly not in short supply. Just before Rüdiger von Rosen discovered that he was to be replaced as chief executive of the Deutsche Börse – which came into being at the beginning of the year – he said in a speech that Frankfurt must aim to displace London as Europe's financial centre.

Von Rosen argued that Frankfurt had the means to do this because Finanzplatz Deutschland – Germany as a financial centre – had more sophisticated technology than the competition in London.

Ironically, the appointment of Werner Seifert to replace him served only to make this analysis look more pertinent. Seifert, a former partner at McKinsey, the management consulting firm, is taking over precisely because of the importance of technology to the future of the Finanzplatz.

The Deutsche Börse, which acts as a holding structure, brings the Frankfurt Stock Exchange – the largest by far of Germany's eight exchanges – under one roof with the Deutsche Terminbörse (DTB) – Germany's screen-based futures and options exchange – and the Kassenverein settlements organisation.

Germany's seven regional stock exchanges still enjoy independent lives. But they participate in the new structure to the extent that they own 10 per cent of the new structure between them and that technology developed by Deutsche Börse will be made available to them all.

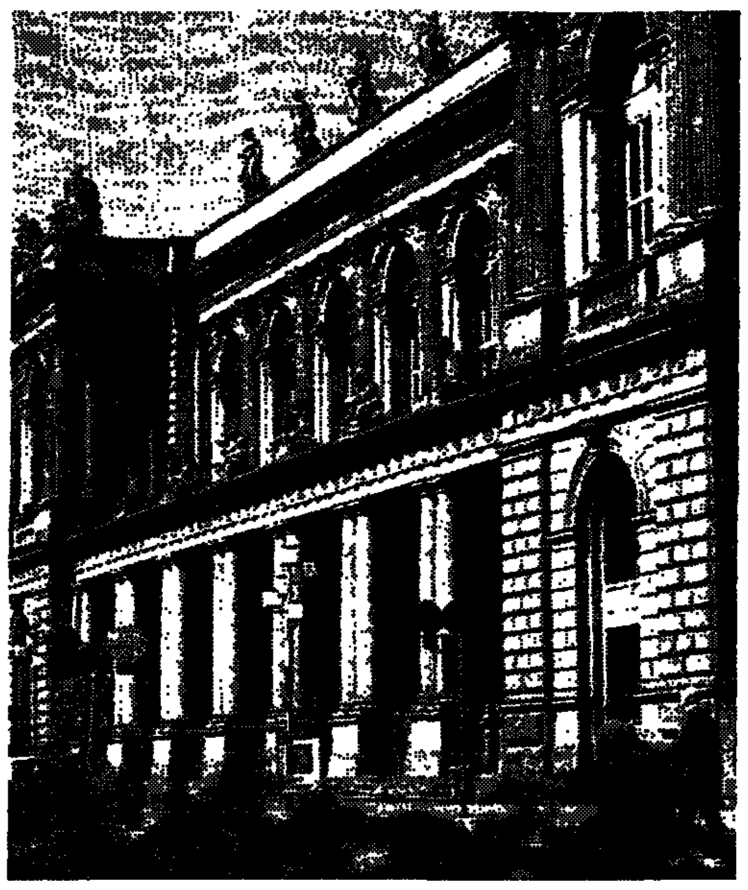
"We now have one organisation to handle the entire range of stock-exchange business," says Rolf Breuer, the chairman of the exchange and board director responsible for capital markets at Deutsche Bank.

"Right from the beginning of the process of placing an order, to the end where the order is wound up, the client need only deal with one organisation. The whole process has been brought under one roof – for derivatives as well as for securities – something you don't find in London, Paris or New York."

At present, the practical benefits of the new structure for the client of a German bank or broker are few. It will be the job of Seifert, who takes over as chief executive in August, to breathe life into the new legal structure.

"This will require pure management skills," says Breuer. "The organisations which form the Deutsche Börse are merged together legally but not working together properly. His [Seifert's] job will be to make it all work."

Von Rosen is a former head of the Bundesbank's press office who became managing director of the



The Frankfurt Stock Exchange is the largest of Germany's exchanges

Frankfurt Stock Exchange in 1988. Breuer credits him with doing an excellent job in fighting the political battles necessary to bring the new stock exchange structure into existence.

"But the job is a totally different one now," Breuer says.

Even before the creation of Deutsche Börse, the development of technology had a high priority for Germany's financial community:

- More than DM100m (£41.6m) has been spent on setting up and developing the DTB, which celebrates its third anniversary in January. The number of contracts handled by the exchange rose from 6.8m in 1990 to 34.8m last year, confounding critics who said that a screen-based system would not function in hectic market conditions.
- Some DM50m has also been deployed to develop Boss-Cube, a system designed to eliminate the flow of paper involved in making an order to buy or sell securities. This was introduced at the Frankfurt Stock Exchange earlier this year and it is set to be extended to other exchanges in the future.
- Around DM16m has been spent on developing IBIS, a screen-based dealing system for 37 leading equities and a number of important fixed-income issues. Since it was introduced in April 1991, this has won more than 30 per cent of the market in stocks represented on Frankfurt's 30-share DAX index and become what the head of the equity derivatives department of a leading London investment bank concedes is "the benchmark system for dealing in bigger German stocks".
- Settlement procedures have been refined to the point where a buy or sell order can, in many cases, be settled within 24 hours, in all cases within 48 hours. This is markedly quicker than in London where settlement takes place up to three weeks after a trade occurs.

The idea is that future technological developments will reap the synergies between these different projects. For example, following the recommendations of a study conducted by McKinsey last year, the exchange is likely to implement a more extensive electronic dealing system for shares and fixed interest securities from the middle of the decade. The technology for the new system will be modelled on IBIS and on the settlement systems already developed for the DTB.

Yet for some market participants, the emphasis on technology misses the point.

"All this high-tech is quite impressive," says Reinhard Winkler, head of the London-based Rhine Securities research house. "But what is really needed to improve the Finanzplatz is a set of laws which bring market practices in Germany into line with the status quo in the UK and the US. There needs to be a change of emphasis, a new focus on strengthening the rights of small shareholders.

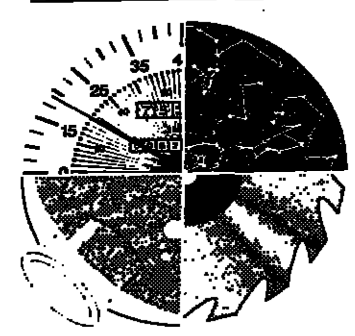
"There is a danger that the German market will degenerate into a form of electronic casino, well-equipped for the needs of professional traders but ignoring the interests of genuine long-term investors," he argues.

As Winkler points out, Germany still lacks a law against insider dealing, has no takeover code and no meaningful rules on the disclosure of share stakes, all of which gives a flavour of the wild west to takeover activity in Germany.

The principle that all shareholders should be treated equally is not an ingrained part of Germany's financial culture.

Breuer concedes the justice of the criticism, blaming the government for delays in introducing the necessary legislation. Under EC legislation a law against insider dealing should have been on the statute books last summer. But this is unlikely to be enacted before the middle of next year.

Worth Watching · Della Bradshaw



Letting the wind take the strain

Rain, wind and blizzards frequently occur in the highlands of Scotland. But ScotRail is turning the extreme weather conditions to its advantage.

At the remote station of Corrour travellers used to wander in the dark if their trains arrived after dusk because the station had no electricity. The station now has an automatic lighting system which uses wind to power it.

Developed by Proven Engineering Products, of Kilmarnock, the turbine on its 6.5-metre mast charges a bank of batteries which powers the lights. A sensor determines when artificial light is needed, while a timer illuminates the station half an hour before each evening train is due. Proven Engineering: UK, 0563 43020.

Weather-wise property

Many towns and villages owe their distinctive character to half-timbered houses, but pollution is damaging many of the timbers.

The Wilhelm-Klauditz Institute in Braunschweig is investigating ways of halting the damage by modelling the effects of weather on wood in a large-scale climatic simulation unit. By taking on-site measurements – the degree of moisture trapped in the timber, the presence of fungus – researchers can model what deterioration will take place and future action can be determined. Wilhelm-Klauditz Institute: Germany, 531 3909336.

In step on the computer screen

Irresistable Force and Flux may sound like elements of a school curriculum, but they are actually dance music artists. Tracks from them and five others are now available on Escape, the latest home entertainment system developed by Philips Interactive Media and video producers Hex.

A combination of compact disc quality music and computer graphics, Escape, is a £15.99 CD which is played on a Philips CD-I player. As the music booms out, computer-generated graphics whizz across the television screen. By moving the joy stick on the CD-I player the images can be manipulated to change shape, colour and direction in time to the music. Philips: UK, 081 689 4444.

A testing time for micro-organisms

Food companies now have a one-step test to ensure their production equipment is clean before manufacture begins.

Biotrace, of Bridgend, Wales, specialists in rapid microbial testing systems, has developed the Uni-Lite test for detecting micro-organisms or product residue in three minutes. The surface is swabbed and the cotton swab dipped in an enzyme. This reacts to any ATP (adenosine triphosphate) in the sample – all living cells contain ATP – by producing light.

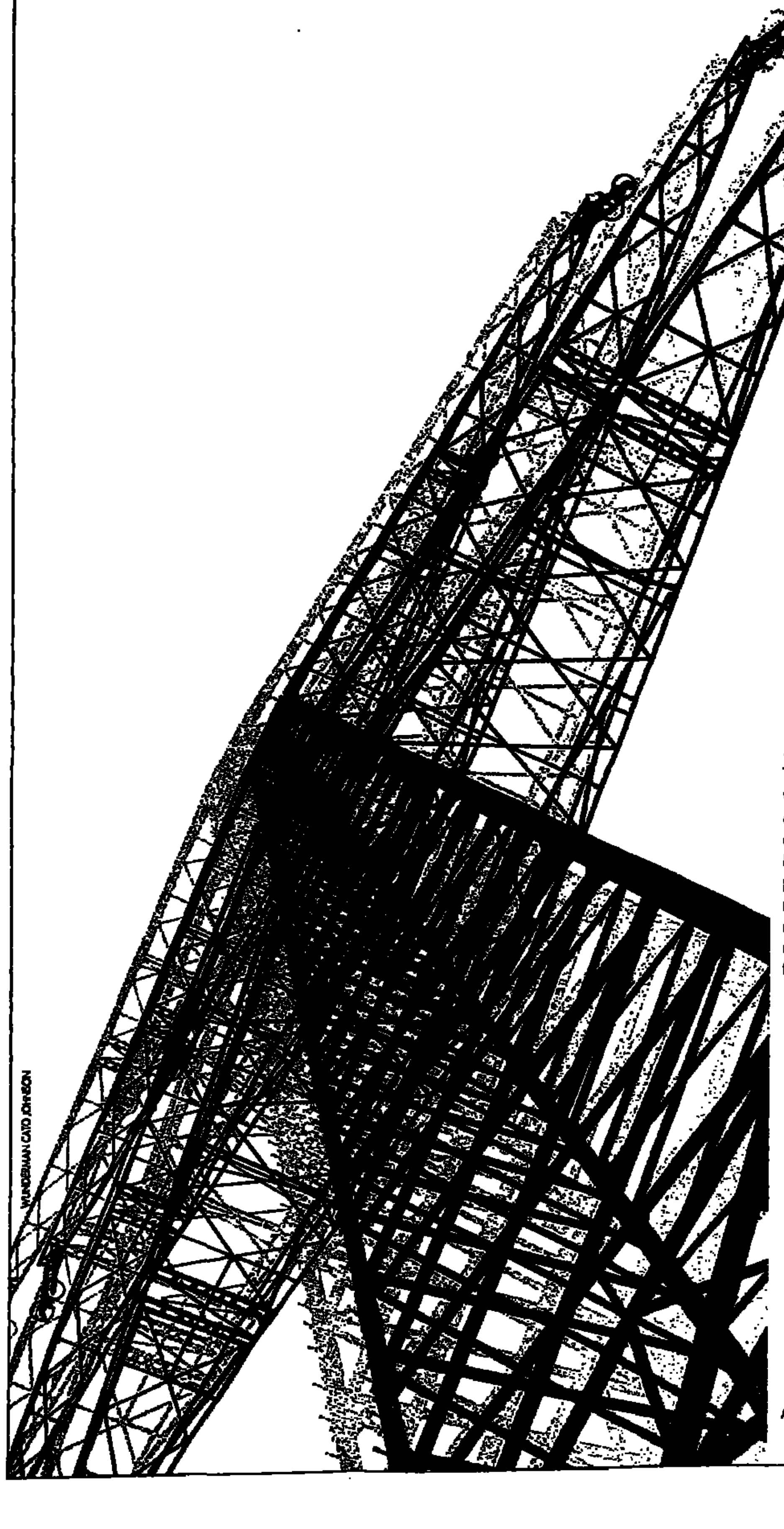
By measuring the light the degree of contamination on the surface can be quantified. Biotrace: UK, 0656 768844.

Dressing for the seabed

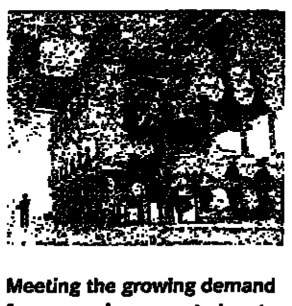
The technology to send divers to the seabed clad only in a metal suit is the stuff of science fiction programmes. But a patented rotary joint means such suits are a flexible – and less expensive – alternative to robotic vehicles for repairing oil rig damage at depths of over 300 metres.

Developed by International Hard Suits, of Vancouver, the Newtsuit has some 20 fluid-filled rotary joints, which the company estimates gives the diver 90 per cent of his or her normal dexterity. A thruster pack allows divers to change direction. UK marine contractor Rockwater is supplying Newtsuit-clad divers as a service to the offshore oil industry. International Hard Suits: Canada, 604 986 5600. Rockwater: UK, 0224 722877.

ELECTRIC SYSTEMS



Giving a new spark to electric energy.



Meeting the growing demand for energy in congested metropolitan areas is more than a technical problem. It's also an environmental challenge. That's why we are continually working hard to provide safe, efficient energy solutions. We design and build gas-insulated high voltage switchgear to provide maximum safety while minimizing space requirements. This is just one of many advanced technologies from AEG.

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PEOPLE

Rose to take on the CACA

Anthea Rose has been appointed chief executive of the Chartered Association of Certified Accountants.

She takes on the top job at the Association after five years as deputy chief executive, and the last few months as acting chief executive since the sudden death of Andrew Sansom last year.

She will help steer and consolidate the operations of the body, which has more than 39,000 members and over 90,000 students in 130 countries.

Rose says her priorities include continuing the Association's important international role, particularly in south east Asia and other parts of the developing world. She also wants to develop the profile of the body throughout the UK, and work towards greater co-operation with the other leading accountancy bodies in

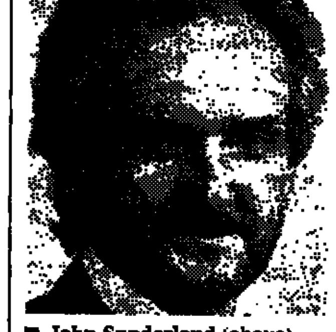
the country.

Before joining the Association in 1977, she worked as an administrator at Kent University and the Open University, and as a personnel manager with Beecham Pharmaceuticals.

Rose's appointment was announced at the Association's agm yesterday. The meeting also elected Kenneth Duncan, director of taxation with Duracell Europe, as president for the coming year.

The vice president is Professor Michael Harvey, who teaches at the London Guildhall University, and the deputy president is John Moore, a partner in Mooney Moore, a practice based in Belfast.

- **Geoffrey Ellerton**, formerly retail products director, has been appointed planning director of MIDLAND BANK.
- **Christopher Shales**, formerly md of Bear Stearns in London, has been appointed md of FURMAN SELZ, London.
- **Graham Taylor**, formerly head of business planning and financial reporting for AMERICAN EXPRESS Europe, has been appointed to the UK board as chief financial officer of American Express Travel Related Services.



- **John Sunderland** (above), a founding director of Coca-Cola & Schweppes Beverages who was responsible for the merger and development of Trebor Bassett Group, has been appointed md of CADBURY SCHWEPPES' confectionery stream and joins the main board. He succeeds **David Wellings** who becomes group chief executive and is succeeded as md of Trebor Bassett by **John Taylor**.
- **John Pratt**, until recently finance director of Evode, has been appointed finance director of VICTAULIC on the retirement of **Ian McColl**.
- **Anthony Carbonar**, formerly md of Whirlpool Financial Aerospace Corporation, the London-based arm of WHIRLPOOL, is relocating to New York as a partner of Mudge Rose Guthrie Alexander & Ferdon.
- **Vaughn Thomas**, former group treasurer of Heron International, has been appointed group treasurer at DAVID S SMITH (HOLDINGS).
- **Jack Wilson**, formerly chief executive of LONDON FORFAITING, has been appointed chairman on the retirement of the non-executive chairman **Peter Buckley**; **Stathis Papoutes**, formerly md, has been appointed chief executive.

Barber picks Pictet

Stephen Barber, who resigned from Invesco MIM at the end of March, is teaming up with his longstanding colleague and friend Nicholas Johnson at Swiss private bankers Pictet.

Barber, 38, who was chief executive of Invesco's unit trust operation, joins as executive director of the two London companies, Pictet Asset Management UK and Pictet International Management.

Johnson and Barber have worked together for some 13 years. The former joined Pictet, as chief investment officer, from Invesco earlier this year.

"Pictet wants to build a global institutional fund-management business based in London," explains Barber, pointing out that the group's funds under management – around $30bn globally – are currently dominated by private client monies. French and German speaking countries *will still be handled from the* Geneva headquarters.

Barber exchanges the turmoil at Invesco for the rarified atmosphere of a Swiss banking partnership where he has already met six of the seven partners.

A fluent Japanese speaker who spent five years in Japan for Invesco, Barber says he will oversee the Asian equity business and the quantitative side as well as becoming involved in general management issues.

- Amanda Platell, group managing director of Mirror Group Newspapers, has been promoted only four months after joining the popular newspaper group. The former Today deputy editor is to become head of promotions for the MGN titles with a seat on the *subsidiary MGN* board. The job was previously part of that of Roger Eastoe, the MGN advertising director.

Platell, who worked at Today with the then editor David Montgomery, now chief executive of Mirror Group Newspapers, will be responsible for strengthening all aspects of promotion at the group.

Pat Pilton, editor of the South Wales Echo, will replace Platell as group managing editor. Pilton is a former assistant editor of Today.

SHEFFIELD

The FT proposes to publish this survey on May 14 1993

The FT prints simultaneously in five centres.- London, Roubaix, Frankfurt, New York and Tokyo and is circulated in 160 countries.

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FT SURVEYS

LEGAL NOTICES

THE INSOLVENCY ACT 1986
FERN MARKETING
INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act, 1986 that a Meeting of Creditors of the above named Company will be held at The Hotel Russell, Russell Square, London WC1B 5BE on 14th May 1993 at 2.00 pm for the purposes mentioned in Sections 99, 100, and 101 of the said Act.

David James Taylor a Licensed Insolvency Practitioner of Messrs David Taylor 11 Tavistock Place London WC1 will free of charge, supply Creditors with such information concerning the Company's affairs as they may reasonably require.

Dated 30th April 1993
DIRECTOR
[illegible] Fernandez

Notice of Appointment of Liquidator in Winding Up by the Court
CABRA ESTATES PLC

Company number: 403421. We Malcolm John London, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AD and Frank Blin, Coopers & Lybrand, Kintyre House, 209 West George Street, Glasgow G2 2LU, give notice that on 7th April 1993, we were appointed liquidators of Cabra Estates Plc by a resolution of a meeting of the company's creditors held on 1st April 1993.

Dated 4 May, 1993

M J London   Frank Blin

Nicholas Amer, Dorothy Tutin and Tony Britton

Alastair Muir

Chichester Festival Theatre/**Malcolm Rutherford**

'Shaw talk' on 'Getting Married'

George Bernard Shaw claimed that he wrote *Getting Married* as a revenge on the critics for not liking serious work. It was to be played for nearly three hours without an interval. There was to be no plot, only in the classical sense of the term, an argument: in other words, "nothing but talk, talk, talk, talk – *Shaw talk*". There were, however, to be a few concessions: the curtains would be dropped from time to time to allow first-aid to be given to really bad cases in the press seats; and that Charing Cross Hospital would have an ambulance available in case of need.

It was a very good Shaw joke. *Getting Married* is a wonderfully funny comedy, sometimes bordering on farce, and it does have a plot in that most of the characters either get or stay married in the end. The new departure for Shaw was simply that it observed the classical unities of time and place: all the action takes place on a fine spring morning in the Norman kitchen in the Palace of the Bishop of Chelsea in 1908. There are no gaps in the action or the talk.

Chichester is the right place for a revival. There is a bishop's palace just across the road which has had some remarkable occupants over time. Alfred Bridgenorth, the Bishop of Chelsea in Shaw's play, would have been at home there. An intellectual and spiritual man, he has five daughters, is about to marry the last of them off, but is worried about the state and role of marriages made on earth. Despite having spoken to four successive prime ministers on the need for easier divorce, nothing has been done. He has been praying for 20 years that the crisis will not erupt within his own household, but it does. On the morn of the ceremony daughter No 5 reads a pamphlet about the inequities of the marriage law and decides to call it off. So, to her surprise, does the groom.

The play includes, as Shaw said, a lot of talk about the advantages and otherwise of the married state. It is also full of characters. The bishop, played by Tony Britton, is a very unusual man, full of learning, wisdom and charity. Whenever he speaks, everyone hangs on to his words with the possible exception of his wife who may have heard them all before.

The bishop has two brothers: an army general (Christopher Benjamin) who is hopelessly in love with the bishop's sister-in-law – since she is called Lesbia, it is not surprising that she holds him off – and a City-type called Reggie (Moray Watson) married to bright young thing 30 years his junior who wants to leave him for a character straight out of Oscar Wilde: St John Hotchkiss. One wonders, with a name like that, if it is not a reference to Shaw's contemporary playwright, St John Hankin.

All that is fine, though it begins to flag after about 80 minutes. Then the director, Frank Hauser, does the decent thing. He introduces an interval and on the verge of half-time in comes Dorothy Tutin.

Ms Tutin is a key figure in the second act, as we knew from the moment she appeared that she would be. She plays the sister-in-law of the greengrocer who looks after the domestic arrangements for the wedding, such as the breakfast, the cake and the placement. She is also the local mayor, a clairvoyant and the writer of pseudonymous love letters to the bishop, hoping that they will meet in heaven. St John Hotchkiss, despite his wildly different social origins, has worshipped her before and does so again. The bishop takes her more or less in his stride, but even he is mildly surprised when she hears voices. Ms Tutin's is an inspired performance and an inspired piece of casting: Joan of Arc with jokes and also some passion.

I disagree with Patrick Garland's programme note that the subject is so contemporary the play could have been written today: one of the many pleasures is that some of the bishop's pleas for reform have since been adopted. But it is still a splendid piece.

Chichester Festival Theatre. Tel: 0243 781312

Brighton Festival/**Andrew St George**

Romeo and Juliet

The Footsbarn Theatre company, formed in 1971 in the West Country and now based in France, rarely tours the UK. Its production of *Romeo and Juliet* at Seaford and Brighton opens the Brighton Arts festival. So here is an opportunity to see this remarkable multi-cultural itinerant theatre collective.

Footsbarn has no director, so the production evolves through individual contribution and unified effort. The resulting Shakespeare, *Footsbarn's sixth*, emerges as an ensemble piece. The heavily-cut text abjures the intimacies and psychological consistencies of the play, but finds something grander at the close, where there is no speech in the entire scene at the Capulet tomb.

The play opens with a heap of corpses from the families, masked and spattered in mud. They rise and stay in the action throughout as spirits like the Furies or Eumenides. They become garden statues when Romeo first climbs the balcony, and they are waifs in purgatory welcoming Mercutio the grave man.

Action and reaction happen physically, viscerally. The news of Juliet's death sends Romeo scudding over the stage assaulted by the emotion. Mercutio's "Queen Mab" speech concentrates on what can be represented visually, so there are no lawyers' fees or courtiers' favours in the verse, since they are too abstract. And Romeo and Juliet first meet in a backlit puppet show, no dialogue, just gesture.

Eerie stringed accompaniment and fierce bursts of percussion punctuate the action. The energy keeps the plot moving, with plenty of low comedy from the Nurse and Friar Lawrence. Romeo and Juliet themselves are young enough to be innocent, and the bellicose Tybalt and elegant Paris are never more themselves than this.

If Shakespeare's *Romeo and Juliet* seems unrecognisable, then the company aims at and achieves an archetype, pared of personality and purged of psychology. There are no leads, no stars, just the production. The effect works collectively on the spectators, too. The theatre is a large black-lined tent, the seats bleachers, and the lights powered by a distantly-humming generator. One feels party to as well as part of the show. And the atmosphere negotiated between actors and audience is what makes the evening worth seeing.

At Seaford and Brighton until May 20 (Brighton *Festival 0273 674357*)

Concert/**David Murray**

Solti's Bruckner

At the Barbican on Wednesday, the London Symphony played splendidly for Sir Georg Solti in Bruckner and Stravinsky. The latter's wartime Symphony in Three Movements has been a Solti party-piece these many years; not because he does sensational tricks with it, but because he knows how to sustain its sinewy tensions from start to finish.Most performances let them go slack at one place or another; here it never did.

A favourite critical epithet for Solti performances is "hard-driven": but there is a distinction between forcing a piece like this one violently along, and what he actually did – which was simply to ensure that every rhythmic cell strained forward toward the next, holding our attention taut. A further result was that the "affirmative" ending felt much more like an honestly earned release than it usually does. The *concertante* piano and harp were fine; for pungent character, however, it was the first clarinet who stood out. The baritone gurgles that Stravinsky assigned him as punctuation, here and there, were delectably funny and knowing.

It was enlightening about Solti to hear him conduct Bruckner's Fourth Symphony, the "Romantic", just six weeks after Herbert Blomstedt had led his crack San Francisco band through it on the South Bank. That was a hugely efficient performance, but steely and unyielding in effect. Though Solti was as always pretty urgent, and at a generally high dynamic level, his brassy climaxes were never abrasive. If he made less of Bruckner's bosky, evocative intimations than (say) Klaus Tennstedt does, his cooler reading of the Andante was eloquent and most scrupulously graded.

Nothing much like Tennstedt's *chiaroscuro*, but persuasively articulate over a wide, subtly calibrated spectrum: Solti conducted the strictly musical argument with *élan*. With the San Francisco comparison fresh in mind, one could appreciate the lyrical flexibility of his beat (despite appearances), and his gift for engineering "spontaneous" dramatic contrasts that did not sound engineered. All those laborious chromatic ascents in the symphony were rendered fluid, where hard-edged American precision had exposed them as mechanical – and he left room for folksy Austrian dance-echoes too, which had been Greek to the San Franciscans. That was nice. Even music of elevated ambitions may trade upon local accents that cannot be translated into standard, cosmopolitan notation.

Sponsored by IBJ International plc

Old Masters in Oxford

Patricia Morison visits Christ Church picture gallery

In 1765, General John Guise, redoubtable soldier and lover of art, gave his extremely fine collection of Italian paintings and drawings to his old college, Christ Church. Never had, nor has, an Oxford college received such a bequest. It includes a wonderful "Virgin and Child with Three Angels" by an artist very close to Piero della Francesca; Hugo Van der Goes's "Lamentation", which is all the more moving for being but a fragment; Annibale Carracci's "Butcher Shop"; Tintoretto's "Martyrdom of St Lawrence"; and Van Dyck's powerfully arresting oil sketch, the "Soldier on Horseback". The list of Old Master paintings could be far longer. And then there is the world-famous Christ Church collection of drawings, selections from which are displayed throughout the year.

In the early summer, two modest exhibitions examine certain puzzles arising from General Guise's benefaction. *Carlo Ridolfi, Collector and Art Historian* (until July 6) is a footnote show about a figure much honoured among students of the Italian Renaissance. A professional painter and scholar, Ridolfi (1594-1658) stands to Venetian historiography as Vasari does to Florence. Like Vasari, he was not much of a painter – or so it is said. (When next in Venice, I mean to track down what is supposedly his best work in San Giovanni Elemosinario.) As for seeing how he measured up to Vasari as a historian, the problem is that there is no modern edition, let alone translation, of Ridolfi. And yet, his *Life of Tintoretto* and *Le Meraviglie dell'arte* are key works, written out of patriotic indignation that Vasari had been so pro-Florentine and showed so little appreciation of the "marvels" achieved by Venetian artists.

One of General Guise's coups was to buy Ridolfi's collection of drawings, or at least a sizeable chunk of it. Scholars are now satisfied that the general really did secure this collection and was not, as had been suggested, tricked by an elaborate forger. The cloud of doubt arises from the fact that the bound volumes which Ridolfi made were dismembered by some dim college Librarian in the last century.

That said, with some exceptions the drawings we see in the exhibition are not particularly remarkable. The reason for showing them is that they are marked "R" in Ridolfi's hand, or with a different "R" added in the 18th century. Many great drawings in the collection may actually have been Ridolfi's but are unmarked. However, "The Archer" is both a fascinating and exceedingly rare work. It was made with the point of a brush by a late 14th-century artist now identified as French, the Master of the Parement of Narbonne. There is also a small Leonardo study of a sleeve bound with fluttering ribbon, and a tiny sketch of figures for the background in Carpaccio's St Ursula cycle.

The second Christ Church show (until June 15) focuses on a Titian which is not normally on view, "The Adoration of the Shepherds". Dark and damaged though the picture is, it repays a long look. Titian's composition conveys the quality of worshipful repose normal in a Nativity, and yet he also included the energetic figure of a shepherd tugging at his donkey. Another shepherd doffs his hat as he kneels, and two boys hang over the back wall of the stable, peering by the light of their candle at the holy infant.

Again, General Guise had invested in a good provenance. The picture had been in Charles I's celebrated collection, he having bought it from the duke of Mantua. The Oxford painting has hitherto been described as a version of the "Adoration" which was commissioned from Titian by the Duke of Urbino, brother-in-law to the Duke of Mantua. This picture, now in the Pitti Palace, is a wreck. However, the exhibition makes the suggestion that the Christ Church picture is the original and that the Pitti Palace is the later one. Recent X-ray examination of the Oxford picture has revealed paint applied with a Titianesque bravura which could make the picture "of great interest" if it were cleaned.

And there the matter is likely to rest. These are lean times for Oxford colleges. Christ Church already faces a pressing question over the deteriorating condition of its superb Van Dyck, "The Continence of Scipio": the bill for conservation is estimated at around £20,000. These are considerations to be borne in mind, while the public still continues to enjoy access to this remarkable private collection.

Christ Church Picture Gallery is *open Monday-Saturday 10.30-1.00* and 2.00-5.30; closed Sunday morning. Guided tours, Thursday at 2.15

'The Archer': made with the point of a brush by the late 14th-century artist, the Master of the Parement of Nabonne

Recital

Cyril Huvé

To his Wigmore Hall debut on Tuesday the young French pianist Cyril Huvé brought not just himself but his piano as well – an 1828 Pleyel, beautifully cased, expertly restored, and a pleasure to hear in every note it produced. Chopin favoured (according to the New Grove) the "suavity" of the contemporary best French pianos, and particularly the Pleyel. In this concert one heard why – and was led, in Huvé's group of Chopin pieces, through a treasure-house of sounds utterly beguiling, intimate, many-coloured and "personal" in character.

From an ear trained by the dominance and predominance of the modern Steinway to expect a pianist's smoothly processed homogeneity of tone, reliable evenness of finger-action and limitless and near-uniform carrying-power, the first few minutes of the recital demanded mental adjustment. But once that was made – and it was, easily and quickly – constant refreshment was brought by the instrument to Chopin's lyrical lines and his figuration. The distinctness of the Pleyel's registers prevented any rigid, automatic repetitiveness in either the singing or the accompanying of Chopin melodies. Chopin as great harmonic adventurer was a proposition here eloquently argued.

An instrument is in the end, of course, only as rewarding to encounter as the person who plays it. Huvé made this a rewarding encounter; but I gained the impression that on another, more relaxed evening he would surely make it even more so. In the opening pieces – C minor Nocturne, B minor Scherzo, A flat Ballade – there were *constant smudges and fluffs; and to* add to these, in the closing Op. 28 Preludes, a number of memory-lapses.

But even when rising above these, as he did for long stretches of the B flat minor Sonata, one gained no very certain intimation that for Huvé the playing of a Chopin piano had afforded a powerful revelation of authentic Chopin style. Rhythm was seldom treated sufficiently freely; melodies lacked the spontaneous, singing rubato for which Chopin was unrivalled. Huvé is obviously a lively, engaged, sensitive artist; he also has imaginative ideas about programming – for instance, switching at midpoint to the Wigmore modern grand for an account of James Dillon's angularly poetic *Spleen* (1979-80), an invigorating notion in itself and a source of teasing contrasts and historical reflections.

Max Loppert

INTERNATIONAL ARTS GUIDE

This year's Vienna Festival (May 14-June 20) is built around the theatre of classical antiquity. The drama programme includes productions of Phaedra (after Seneca and Euripides), Sophocles' Oedipus and Euripides' Alcestis. There is a production from Antwerp of a new opera on the Orpheus theme, plus new stagings of Gluck's Alceste and Offenbach's La belle Helene.

Guest ensembles include Tanztheater Wuppertal with Pina Bausch's latest dance work, Moscow's Taganka Theatre with a Pasternak music drama devised by Yuri Lyubimov and Alfred Schnittke, and the Piccolo Teatro di Milano with the Strehler production of Goldoni's Le baruffe chiozzotte. The opening week of the festival sees the premiere of Steve Reich's The Cave, using five large video screens to project interviews and images of landscape and architecture.

The Konzerthaus has a concurrent music festival, highlights of which are the world premiere of a new work by Wolfgang Rihm and orchestral concerts conducted by Riccardo Muti, Colin Davis and Kurt Masur. Tickets and information from the Vienna Festival, Lehargasse 3a, A-1060 Vienna, tel 586 1676.

Japanese audiences have a rare chance to sample the Bournonville repertoire of the Royal Danish Ballet, when the company tours Tokyo, Nagoya and Osaka from May 12-25. The first programme is devoted to Napoli; the second comprises The Conservatoire, Flower Festival and La Sylphide. Tickets from Tokyo Bunka Kaikan (3828 2111), Nagoya Shimin Kaikan (331 2141) and Osaka Festival Hall (231 2221).

EXHIBITIONS GUIDE

AMSTERDAM Van Gogh Museum Walter Sickert retrospective. Ends May 31. Also Courtesans in Japanese Prints. Ends Aug 29. Daily
Rijksmuseum The Jacobus Klaver Collection: 100 Dutch 17th and early 18th century drawings. Ends July 25. Also Meeting of Masterpieces: Vermeer's Street in Delft (1658-60) alongside Pieter de Hooch's The Courtyard of a House in Delft (1658). Ends May 23. Closed Mon
Stedelijk Museum David Robilliard (1952-88): paintings and drawings by the British painter-poet, whose visual images are full of verbal symbols. Ends June 1. Daily

ANTWERP
Museé Royal des Beaux-Arts Jacob Jordaens: large-scale retrospective of the baroque painter born 400 years ago. Ends June 27. Closed Mon

BARCELONA
Fundacio Joan Miro Joan Miro: centenary exhibition of 480 works. Ends Aug 30. Closed Mon
Museu Picasso Kasimir Malevich (1878-1935): 42 oil paintings by the inventor of Suprematism, all on loan from the Russian State Museum, St Petersburg. Ends June 6. Closed Mon (Carrer Montcada 15-19)

BERLIN
Martin-Gropius-Bau American Art in the 20th Century: a monumental survey containing 200 works by 60 artists, focusing on the years 1945-70 when America became the dominant force in art. Artists represented include Georgia O'Keefe, Edward Hopper, Marcel Duchamp, Man Ray, Alexander Calder and others associated with the early Modern movement; abstract expressionists and the 1940s New York School, such as Arshile Gorky and Jackson Pollock; Jasper Johns, Robert Rauschenberg and their successors in Pop Art; and advocates of Minimal Art and its offshoots, including Bruce Nauman and Richard Serra. Ends July 25. Closed Mon (This exhibition will be shown in London in the autumn)
Altes Museum *The Etruscans and* Europe. Ends May 31. Closed Mon

BRUSSELS
Musée d'Ixelles The Sphinx of Vienna, Sigmund Freud, art and archaeology: Ends July 11. Closed Mon (71 rue Jean Van Volsem, tel 511 9084)

LONDON
National Gallery 18th and 19th century paintings and drawings from Lille. Ends July 11. Also Paintings from the Bowes Museum. Ends June 20. Daily
Tate Gallery Georges Braque. Ends June 27. Visualising Masculinities. Ends June 6. Daily
Royal Academy of Arts Georges Rouault 1903-20. Ends June 6. Daily
Hayward Gallery Georgia O'Keeffe. Ends June 27. Also James Turrell: three installations. Ends June 27. Daily
Accademia Italiana Italian Art Treasures: 60 paintings ranging in style from mid-16th century Mannerism to the 17th century Baroque, with works by Guercino, Domenichino and Caracci. Ends July 25. Daily

MADRID
Fundacion Juan March Picasso and the Three-Cornered Hat: 58 watercolours, gouaches and drawings which the formed the basis of Picasso's collaboration with Falla, Massine, Diaghilev and the Ballets Russes 1917-19. Ends July 4. Daily

MARTIGNY
Fondation Pierre Gianadda Jean Dubuffet: paintings and sculpture by the main proponent of Art Brut. Ends June 10. Daily

MOSCOW
Pushkin Museum The George Ortiz *Collection: 280 antiquities spanning* 30 cultures from the Neolithic age to the late Byzantine period. Ends June 27

MUNICH
Villa Stuck Avant-Garde and Ukraine 1910-36: 90 works by 25 artists, drawn from private and public collections in east and west Europe, illustrating the vitality of an overlooked area of 20th century art. Ends July 11. Also Sol LeWitt (b1929): a selection of structures showing the American artist's originality and development over several decades. Ends July 18. Closed Mon
Kunsthalle der Hypo-Kulturstiftung Picasso: After Guernica. Ends June 6. Daily

NEW YORK
Metropolitan Museum of Art Abstract Expressionism: works on paper from the period 1938-67 by Jackson Pollock, Martin Rothko and other American artists. Ends Sep 12. *Also The Greek Miracle*: classical sculpture from 5th century BC. Ends May 23. The Havemeyer Collection: 450 works ranging from French impressionists and old masters to Asian art and Islamic pottery. Ends June 20. Closed Mon
Brooklyn Museum Manet to Picasso: 35 rarely seen works on paper. Ends May 23. Closed Mon and Tues
Guggenheim Museum Picasso and the Age of Iron. Ends May 16. The main museum is closed on Thurs, the SoHo site on Tues
Museum of Modern Art John Heartfield. *Ends July 6. Closed* Wed
Whitney Museum of American Art 1993 Biennial. Ends June 13. Closed Mon

PARIS
Centre Georges Pompidou Matisse 1904-17. Ends June 21. Closed Tues
Grand Palais The Century of Titian. Ends June 14. Also Amenophis III. Ends May 31. Closed Tues, late opening Wed (ave du General Eisenhower)
Musée d'Orsay 1893: The Europe of Painters. Ends May 23. Closed Mon, late opening Thurs (quai Anatole France)
Musée du Luxembourg Roman Wall Paintings around Narbonne: a delightfully didactic exhibition evoking the influence of Pompeii on the decorative arts in this region of the Mediterranean. Ends July 4. Closed Mon (19 rue de Vaugirard)
Le Louvre des Antiquaires The Shine of Pewter: 300 small French jugs, plates and dishes complemented by fayence, recreating table settings from the *18th to 18th centuries. Ends July* 17. Closed Mon (2 place Palais Royal)
Musée Picasso Picasso and the Bulls. Ends June 28. Closed Tues

PARMA
Magnani Rocca Foundation The Barilla Collection of Modern Art: 100 20th century paintings and sculptures, including work by Picasso, De Chirico, Dubuffet, Magritte, Ernst, Bacon, Sutherland and many others. Ends Nov 28. Closed Mon

ROME
S Michele a Ripa Borghese *Collection: 300 paintings, including* works by Titian, Caravaggio, Rubens and Raphael, on show in this deconsecrated church while the villa in the Borghese gardens *is being restored. Ends Dec 31*
Palazzo Venezia Rome under Sixtus V: third of a series of exhibitions celebrating the fourth centenary of the death of the Pope *who during his short reign* (1585-90) did more than any other to turn Rome into the first modern city of Europe. Ends May 30. Closed Mon

STUTTGART
Galerie der Stadt Munch and his Models: 100 works illustrating how the Norwegian Expressionist penetrated the inner psychology of his subjects. Ends Aug 1. Also Pompeii Rediscovered: 200 objects, including frescoes, marble and metal sculptures and other archaeological remains. Ends July 11. Closed Mon
Staatsgalerie Swabian Classicism: 300 works from the rich fund of art emanating from the Stuttgart area in the late 18th century, ranging in style from court rococo *to early bourgeois art. Ends Aug* 8. Closed Mon

WASHINGTON
National Gallery of Art The Great Age of British Watercolours 1750-1880: 250 works by Gainsborough, Constable, Turner and others, showing the technical and aesthetic innovations of the English romantic school of art. Ends July 25. Also Great French Paintings from the Barnes Foundation. Ends Aug 15. Helen Frankenthaler (b1928): 75 prints. Ends Sep 6. William Harnett, 19th century American still-life painter. Ends *June 13. Daily*
National Museum of American Art Masterworks from American Art Forum Collections 1875-1935: 64 works by Albert Bierstadt, John *Singer Sargent, Edward Hopper* and others. Ends July 5. Daily
Phillips Collection French Works on paper from Van Gogh to Matisse.
Ends July 5. Daily

A new world impasse

Ukraine is increasingly seen by the west as a 'spoiler' republic, says **Chrystia Freeland**

Nuclear moves: a truckload of atomic weapons in Ukraine

The Moscow Club, billed as America's first "post-cold war thriller", posits a nightmare scenario: a passionate Ukrainian nationalist works his way to the top of the Kremlin and from there, with the help of some Americans, tries to topple the country's democratic leader in an effort to liberate Ukraine.

In real life, of course, no one is concerned about a covert Ukrainian plot to destabilise the Russian government. But, from the vantage point of western, and particularly American, foreign policymakers, Ukraine is increasingly being seen as the "spoiler" republic of the former Soviet Union which is jeopardising western efforts to aid reform in Russia.

On a variety of issues – from nuclear disarmament to rescheduling the foreign debt of the former Soviet Union – Ukraine has stood in the way of agreements preferred by both the west and Russia. The sorest point – Ukraine's hesitation over nuclear disarmament, and its reluctance to ratify the Strategic Arms Reduction Treaty (Start 1), has come to the fore this week.

Warren Christopher, US secretary of state yesterday discussed the problem of Ukraine's nuclear weapons at a meeting in the Kremlin. Mr Strobe Talbott, the top US policymaker on the former Soviet Union, will visit Kiev at the weekend to step up pressure on Ukrainian leaders to ratify the Start 1 treaty.

The irony is that Ukraine has no desire to become what one western diplomat in Kiev only half-jokingly described as "the North Korea on the edge of Europe". Ukraine's natural political orientation is towards Europe. However, the west risks undermining Ukrainian aspirations through what the government sees as an exclusive focus on Russia and lack of sympathy over Kiev's national security concerns.

Some officials in Kiev fear Moscow will try to regain control over Ukraine, having ruled it for more than 350 years before 1991. They argue that the west, concerned that Ukraine might upset the network of international disarmament treaties, is more inclined to join forces with Russia in an effort to pressure Ukraine.

"I don't think this [the nuclear issue] is a real problem, but the world community, and most of all the US, is helping to create a real problem," said Mr Leonid Kuchma, Ukrainian prime minister. The real problem, he says, is that the "west is indifferent as to whether we are independent".

Mr Mykola Mykhalchenko, a senior political adviser to the Ukrainian president, adds: "There are forces in Russia which will never reconcile themselves to Ukrainian independence and will force any Russian government to put pressure on Ukraine."

Ukrainian officials have reason to be concerned. The Russian parliament and the vice-president, Alexander Rutskoi, continue to express territorial claims towards Ukraine. Moscow has refused to sign a treaty with Kiev recognising its neighbour's borders as inviolable. Russia's ambassador to Ukraine has gone so far as to say said that Ukrainian independence is an ephemeral stage, unlikely to last more than 18 months.

The US has appeared unsympathetic to Ukraine's fears about Russia and has been much more concerned about nuclear arms. Washington fears that if the Ukrainian parliament fails to ratify Start 1, last year's Lisbon protocol which covers the 46 inter-continental ballistic missiles stationed in Ukraine but not included in the treaty, and refuses to sign the Nuclear Non-Proliferation Treaty, the network of international disarmament accords could unravel. "The whole arms control structure that we have worked on for 20 years will fall down," says one US official.

America's reaction to the foot-dragging in Kiev has been, as another US diplomat puts it, "to beat up on Ukraine". American diplomats and technical advisers to the Ukrainian government say Washington is considering a freeze on existing funding, such as financing for privatisation auctions.

This tough American stance is playing into the hands of Ukrainian hardliners who hope to retain nuclear weapons. The west gives Ukraine little financial assistance and thus has little leverage. But the perception of growing western hostility is making Ukrainians feel beleaguered, and strengthening pro-nuclear sentiment.

Although President Kravchuk is committed to a non-nuclear Ukraine, he faces an increasingly tough battle in pushing the treaties through parliament where a minority pro-nuclear lobby could force a stalemate.

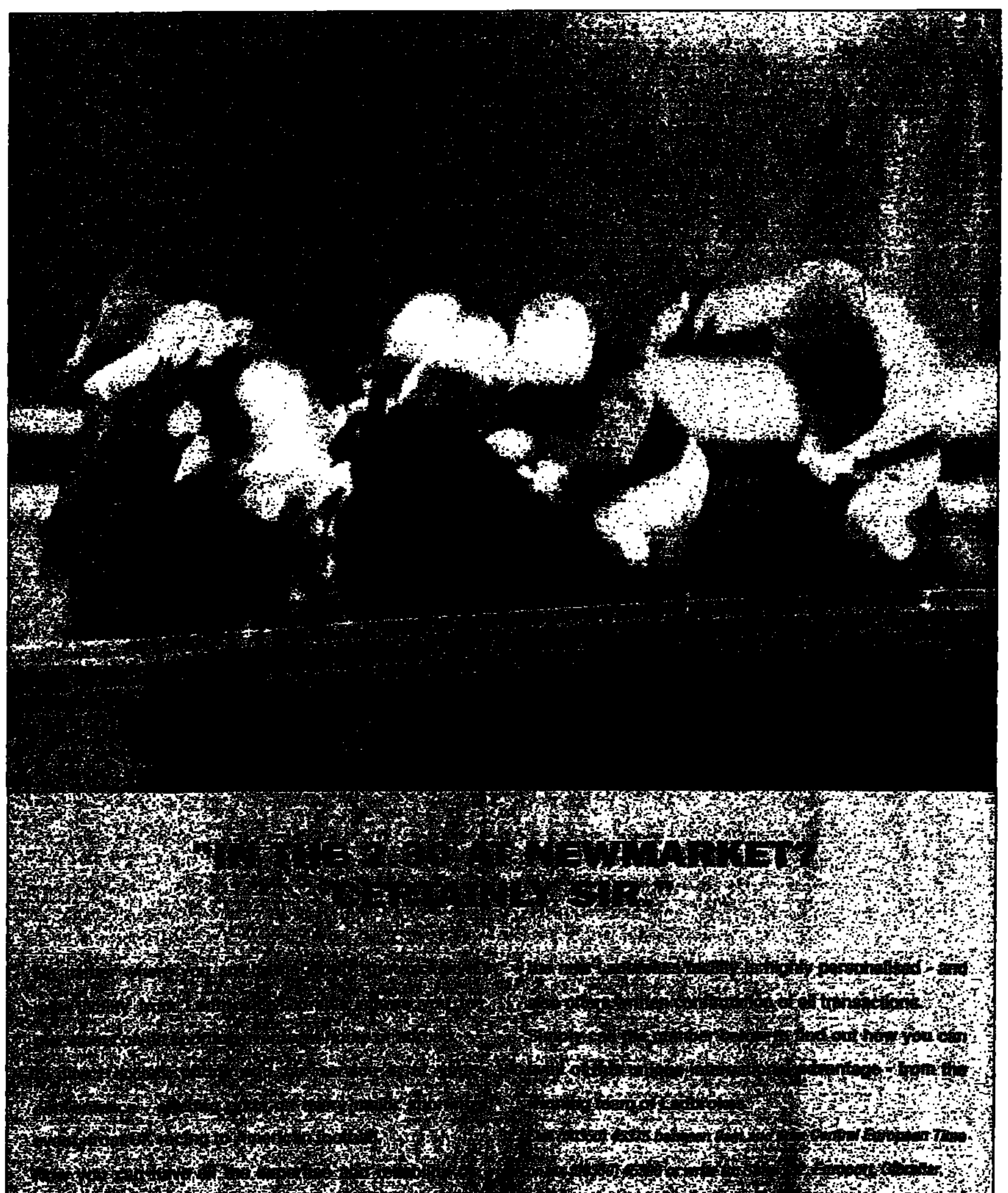
As a result, it is increasingly likely that the legislature will fudge the issue. Mr Dmytro Pavlychko, chairman of the parliamentary commission on foreign affairs and a power-broker in Ukrainian politics, is putting together a compromise: Ukraine would ratify the Start treaty, but delay ratification of the Lisbon protocol and accession to the NPT. Such a deal would leave the 46 ICBMs on Ukrainian soil for an unspecified interim period before they are destroyed.

Yet why should Ukraine retain a few dozen long-range nuclear missiles, which Mr Pavlychko admits would be of little military value? The missiles have symbolic importance, he says: "It is like having a gun displayed on your wall. It may have no bullets but when your neighbour comes to dinner he is afraid of it."

To avoid painting Ukraine into an anti-western corner, some American foreign-policy specialists are counselling a shift in approach. Mr Zbigniew Brezinski, a former head of the National Security Council, has been the most prominent advocate of a two-pronged strategy in which America would continue to back reforms in Russia but simultaneously forge a closer relationship with Kiev.

Winning Ukraine's friendship could be simple: Ukrainian leaders are pragmatic enough not to expect admission into bodies such as Nato or the EC anytime soon. What they want is to be treated as a significant regional power – a desire which could be satisfied by including Ukraine in American–Russian arms talks, for example – and to receive economic aid, such as balance of payments support to help the economy adjust to paying world prices for Russian oil.

For now, American policymakers reject such an approach because they fear it might antagonise Moscow. Many US officials still hope that Ukraine will fall under the sway of a democratic, reformist, Russia. But that is not an acceptable option for Ukraine's leadership. The west thus faces a dilemma: it can either choose to develop a stronger relationship with an independent Ukraine, and risk the continuation of regional tensions with Russia, or it can rebuff Ukrainian aspirations and leave a nuclear power to seek allies where it can find them.



Joe Rogaly

Where comedy is king

Cheer up. I have a joke for you. I heard it from Mr David Osborne on Tuesday. It seems that President Clinton was visiting the US Department of Agriculture. He marvelled at its long corridors, each with endless rows of offices leading to the left and right. Passing an open door Mr Clinton saw a lone official, head on his desk, sobbing.

He turned to the senior USDA officer who was accompanying him and asked why. "I don't know, sir," came the reply. "That man has been with us here at agriculture for 25 years. He's never complained before." So the president put his arm around the pathetic figure and asked what was the matter. The official looked up, his face stained with tears. "My farmer died," he spluttered.

Mr Osborne, the purveyor of this story, is co-author with Mr Ted Gaebler of Reinventing Government, the celebrated book reviewed on this page yesterday. In case you missed it, Osborne & Gaebler are the currently fashionable prophets of the overthrow of bureaucracy and its replacement by entrepreneurial management. Their theme has long been in the air in Australia, New Zealand, Britain and much of the US. The duo must take the credit for capturing it.

So ends the joke section for today – unless you count the British Labour party. This ageing pantomime horse is a serious comic. Four times the Tories have poured buckets of you-know-what over its head, and still it shakes its big dumb face and floppy ears and trots forlornly around the stage, legs splayed, mimicking the dances that seemed so popular in 1945. In the early 1980s, when privatisation got rolling, Labour contrived to present itself as the party of nationalisation. In the 1990s, when managerial reform of the public sector is the vogue, Labour continues to be perceived as the party of bureaucracy. This is primarily because it is regarded, with some justice, as the representative of public-sector unions.

Like all parties of the left, Labour is beached by the tide that went out with the dissolution of the Communist party of the Soviet Union. There is now no place for socialism in any form. The French Socialists and the German Social Democrats have just been painfully reminded of this. All that remains of the political thought of the past 90 years is an insoluble equation. Voters demand public services of high quality, but shrink from increased taxation.

In responding to demands for less bureaucracy, our politicians are caught in a monstrous trap, set by Fate

It is an elaborate jest which in Britain seems designed to keep the Conservatives in power. The prime minister believes that with his citizen's charter, his opt-outs of schools and hospitals, and his transfer of civil service backroom work to self-managed agencies he has the patent on everything in Reinventing Government except the title. Labour's mission appears to be the maintenance of bureaucracies. It derides Mr Major's citizen's charter, although it can fairly claim to have originated the concept. It opposes unfettered competitive tendering, grant-maintained schools and trust hospitals. It is as if it not only missed the Osborne & Gaebler bus, it never saw it coming.

In short, you need not trouble yourself with calculations about what today's by-election result means for Labour, or the Liberal Democrats, or the government. The government's majority in the Commons is low whether it is 21, including Newbury, or 19, excluding Newbury. The Liberal Democrats gain nothing but pride from by-election victories; defeats bring only temporary despondency. The opposition remains split either way. A few local authorities changing political colour means little now that the Tories have stripped so much power from the counties.

Our politicians are caught in a monstrous trap, set by Fate. Let me explain. The Conservatives have adopted only the parts of the anti-bureaucratic book that suits them. In the US the idea that governments should steer not row – that they should lay down policy, but contract out its execution to entrepreneurial units – is pluralistic. Americans elect thousands of "governments", federal, state, and local. All are ready and able to steer events within their own areas. All are scrutinised by statute; all have to perform their duties in the open. That is the law. In Britain there is one driving seat. Power belongs to Whitehall. The prime minister directs a huge fleet of appointed boards and committees, an archipelago of patronage. As to open government, don't make me laugh.

This difference between the British polity and the American one has been noted by Professor Norman Lewis of Sheffield University in How to Reinvent British Government, a pamphlet published this week*. "It would be hypocrisy to condemn the failure of command economies but to retain all power at the centre," he writes. Britain's political system is "heavily over-centralised, closed, and has produced a crop of policy failures in recent times that, in all probability, cannot be matched." Prof Lewis likes the Osborne & Gaebler medicine, but understandably finds fault with the patient.

Quite right too. When anyone complains that the Tories have centralised power, they protest that they have devolved it directly to where it is exercised – to individual school boards, for example. Parents vote by choosing schools, thus showing real preferences. It is now clear that this is a mandarins' confidence trick. If elected local governments devolved responsibility to autonomous school boards, or if the boards themselves were elected, *that* would be decentralisation. What we actually have is the opposite.

The Labour party understands half of this. Proposals to re-establish local government and create regional authorities will be discussed at its policy conclave this weekend. The trap that Fate has constructed for Labour is that the more it talks of such constitutional reforms, the more it will be accused of establishing new bureaucracies. This is at least partly its own fault – it cannot talk convincingly of steering not rowing. For that means allowing entrepreneurial executives – independent hospital management boards, for example – to shed unnecessary employees and make those who remain work harder. The unions will not permit it. The penalty for Labour is that it is still seen as the party of one ministry agriculture official per farmer.

* *European Policy Forum, 20 Queen Anne's Gate, London SW1H 9AA*

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Tiphook slide shows need for robust action on insider dealing

From Mr Paul Myners.

Sir, On the morning of Thursday, April 29, Tiphook announced that profits for the year would be below previous expectations. The company's shares had fallen by 11 per cent during the three days preceding this announcement, a period when the market was relatively stable.

The prima-facie evidence of insider trading is strong and yet few can have confidence, on the basis of past experience, that anything concrete will emerge from any formal investigation instigated by the Stock Exchange.

The time has long past for a radical review of a process that is clearly not working. A change of style from the investigator, enhanced resource, and, possibly, greater co-operation with relevant SROs is required. I have no doubt that a more robust and structured process would be successful in identifying wrongdoers and those who act on their behalf.

Paul Myners,
chairman,
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Impact of rising yen on Japan trade

From Mr John Wells.

Sir, In challenging the wisdom of US leaders "talking up" the yen and "talking down" the dollar, your leader (May 1) questions the efficacy of exchange rate changes in contributing to external adjustment in the requisite direction. It argues that "Japanese exports are notoriously insensitive to price changes", and, referring to recent US trade data, "so much for the impact of currency manipulation on the US trade performance".

Recent empirical evidence is, however, strongly at variance with your views. Since the yen appreciation of the mid-1980s, Japan has experienced the smallest increase in manufactured export volume (16.4 per cent) in a sample of 21 OECD countries – excepting Finland (1.5 per cent), Sweden (8.8 per cent) and Italy (16.1 per cent) – between 1985-86 and 1991. And this was following a decade during which Japan has easily outshone its rivals in the manufacturing export volume. Meanwhile, it is no surprise that the US has experienced the largest increase (77.9 per cent) since 1985-86.

Of course, yen appreciation is not the only factor responsible for Japan's poor export showing. Rising real wages have, in addition, made Japan an expensive location from which to serve global markets – stimulating the growth of "transplant" production in both developing and developed countries – which voluntary export restraints and other protectionist devices have also encouraged.

It seems indubitable that currency appreciation can contribute to Japanese external adjustment in the requisite direction, in both the short and medium term, by increasing costs in the domestic base and encouraging the export of Japanese manufacturing capital.

John Wells,
economics and politics faculty,
University of Cambridge,
Cambridge CB3 9DD

EBRD is right to develop local units

From Mr Anthony Richter.

Sir, Your article "Bank to set up shop in east Europe", (April 27) comes amid sharp criticism of the European Bank for Reconstruction and Development from its member countries. The news that the EBRD will set up more local institutions in eastern European countries is however a laudable development. It should be praised for three reasons:

- Multilateral lending institutions' development programmes in eastern Europe should be well-integrated into the client countries' own economic reform efforts. Joint management boards are a step in the right direction. These local institutions can give reformers a voice in the development process and access to critical resources. They can also lead to improved co-ordination among multilateral and bilateral assistance efforts, an important but elusive goal.
- Cost inefficiency is not just a problem at the EBRD. It affects other bilateral and multilateral assistance as well. When industrialised nations are in recession at home, spending foreign aid funds carefully must be a priority. By increasing reliance on field offices and local staff, administrative costs can be brought down while matching lending to the real problems. In those recipient nations plagued by high inflation and a weak, non-convertible currency, direct investments of hard currency buy more goods and services than they do in the west. In this way on-site, direct lending can promote savings and extend tight international assistance budgets.
- It sends the right message to clients of the bank. For too long, development has been operated as a "command economy", putting the needs of lenders and donors before those of recipients. A greater orientation towards in-country activities reinforces the spirit of co-operation and shared responsibility for painful transition programmes. Decentralised administration can strengthen the credibility – and long-term feasibility – of the multilateral lending institutions' programme.

Anthony Richter,
The Soros Foundations,
888 Seventh Avenue,
Suite 3300,
New York,
New York 10106

Ukraine seen as a parallel to Bosnia

From Mr George Schöpflin.

Sir, Your leader on Ukraine ("Nuclear rift over Ukraine", May 5) is penetrating, but overlooks a key explanatory factor in Kiev's foot-dragging over nuclear weapons. Russian nationalists have their eyes on Ukraine's large Russian minority and the areas they inhabit, the Donbas and the Crimea. The fate of the Bosnian government against the Serbs is perceived as a parallel and western inactivity is read as a signal that the west would do nothing for Ukraine in an analogous conflict. The repercussions of the war of Yugoslav succession go far beyond the frontiers of ex-Yugoslavia.

George Schöpflin,
department of government,
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London WC2A 2AE

Theft from bombed buildings

From Mr E B Smith.

Sir, On May 4 we were at last given access – albeit limited in both time and number of people – to our offices in Bishopsgate, which were damaged by the IRA bomb on April 24.

A look at the devastation was distressing; almost as distressing was the realisation that the premises had been looted. We have learned that theft from bomb-damaged sites has been widespread.

While I sympathise with the difficulties faced by the police in dealing with the IRA, I wish they had been able to prevent theft from buildings to which access has been controlled but which were obviously visited by people who were apparently diverted from their usual habit of robbing hit-and-run victims and battlefield casualties.

E B Smith,
4 Essex Villas,
Loodn W8 7BN

Football in the big league

From Mr James Fairbairn.

Sir, Many of your readers will have been astounded by Christopher Lorenz's comments on football club management ("A lovable bully falls from grace", May 1). It is, he asserts, "in a somewhat lesser league than the tasks which such big-time players [Margaret Thatcher, Lord King, Robert Horton] perform." Surely he is familiar with the words usually ascribed to the late Bill Shankly, sometime of Liverpool Football Club: "Some people think that football is a matter of life and death – but it's much more important than that"?

James Fairbairn,
40 Chiswick Quay,
London W4 3UR

Merry month of November

From Mr Steven Spencer.

Sir, Why not choose November 11 as the alternative holiday to May Day? Our European colleagues would find our celebrating the anniversary of the end of hostilities an unlooked-for demonstration of community spirit. As the US also celebrates Veterans Day, there would be minimal disruption to financial markets on both sides of the Atlantic.

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Friday May 7 1993

The ratchet moves up

BY OVERWHELMINGLY rejecting the Vance-Owen peace plan, the Bosnian Serb parliament has taken a fateful decision which will either be swiftly reversed or hasten international military intervention in Bosnia-Hercegovina. Either way, a new chapter has been opened in the crisis over the former Yugoslavia which will be more testing for western powers than the previous one of faltering mediation and a hamstrung humanitarian relief effort.

Lord Owen, the European Community mediator, spoke clearly and correctly yesterday about the immediate risks. One is that western governments, under mounting domestic pressure to stop the fighting, will lurch rapidly into a half-baked military strategy consisting solely of air strikes against the Serbs' supply lines, in the process endangering the lives of the thousands of troops already deployed under United Nations colours in the shattered republic. Worse, the alliance that has thus far held on the Bosnian issue between the US, Britain, France and Russia could come under increasing strain if Washington is tempted to go it alone, either in military action or in other measures to redress the balance of power on the ground between the Serb aggressors and the mainly Moslem aggressees.

It is thus of some comfort that all external parties have been careful to emphasise the importance of maintaining a united front as they grope for ways of further stepping-up the pressure on the Serbs. It is also possible, just possible, that yesterday's parliament decision in Pale may have opened up a rift within the Serbian camp that will help channel concerted western pressure to a productive end.

In rejecting Vance-Owen, the Bosnian Serbs have delivered a rebuff not just to the international community but to their long-time mentor, arms supplier and source of succour, President Slobodan Milosevic of Serbia. His calls for acceptance of a settlement have come perilously late in the day. To judge by his past record, they may be a wholly insincere attempt to fend off economic sanctions and military threats.

But the important fact is that, under duress, he made them. In doing so, he may have calculated – as he did last year in helping to halt the carnage in eastern Croatia – that his political survival will be best served by trying to pull his allies back from confrontation. It is now for the west and for Russia to take him at his word and force him to bring the Bosnian Serbs to heel.

More than rhetoric will be required. Mr Milosevic will have to impose on the Bosnian Serbs what the west is trying to impose on him: an economic and military blockade, and complete political isolation. Nor should the UN be satisfied with a promise to do so. It should insist on placing monitors on the borders of Serbia and Montenegro with Bosnia to ensure that arms or other supplies do not continue to flow.

All the while, it should maintain the full array of sanctions on Belgrade, and continue to prepare credible and politically coherent military options: a substantial international peacekeeping force if the Bosnian Serbs agree to Vance-Owen; if not, intervention on the ground to halt their advance and protect such Moslem communities as remain. It is now up to Mr Milosevic which course prevails.

Eastern promise

THE EUROPEAN Commission is at last taking the challenge of central and eastern Europe seriously. To their credit, Sir Leon Brittan, commissioner for external economic relations, and Mr Hans van den Broek, commissioner for external political relations, have proposed accelerated trade liberalisation and a "clear commitment to eventual membership". To its credit, the Commission as a whole has agreed. The heads of government meeting in Copenhagen next month need to show that they deserve some credit too.

The grudging approach taken by the EC to trade with Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia has been little short of scandalous. Concern about the fate of a few EC industries has been allowed to outweigh a strategic EC interest.

The role of liberal trade agreements with central and eastern Europe is more than to offer increased opportunities for exports. Such agreements are also a way to strengthen market oriented reform. When the EC itself sets a protectionist example, however, the legitimacy of reform is undermined in countries suffering from a far more painful adjustment than anything in prospect for the EC.

According to an article by Jim Rollo and Alastair Smith in the latest issue of *Economic Policy*, between 38 per cent (for Romania) and 58 per cent (for Hungary) of the pre-transition EC imports from central and eastern Europe were in categories it deems sensitive. Even under the "Europe agreements" signed in 1992, these sensitive categories – processed foods, textiles, clothing, footwear, steel and chemicals – remain subject to tight protectionist measures.

A vision has been needed. The Commission's proposals, while imperfect, provide this. The heads of EC governments need to show they can see it too. They need to show the EC can still respond to challenges. Nothing on the Copenhagen agenda is likely to be as amenable to effective action as these proposals. Nothing is likely to be more important either.

Sunday trading

OPPONENTS of unrestricted Sunday shop opening will doubtless seek vindication in the forecast this week by a study for the Home Office that such a move would create 19,000 job losses. But their claim does not withstand serious scrutiny. Like much of the special pleading and posturing which has so far dominated debate on Sunday trading, it can only frustrate the search for a tidy solution.

Much of the running has been made by trades unions, church groups and larger retailers unwilling to open on Sundays. Many want legislation to tighten existing curbs. Justifying this position on religious grounds cannot conceal its objectionably coercive nature. The minority of regular church goers is vastly outnumbered by those saying they want freedom to shop on Sundays. In any case, if any day is to be declared "special", for Britain's Moslem and Jewish communities it would certainly not be Sunday.

The more substantive issues concern social welfare, economics and the consumer interest. Advocates of continued restrictions advance three main arguments. First, that shopworkers must be protected from a requirement to work on Sundays. There may be a case for preventing employers from arbitrarily changing the contracts of existing full-time staff. But there is no reason why shopworkers should be exempted en bloc from a seven-day work week when the practice is common in other sectors, including public transport and the media.

The argument that widespread Sunday trading would reduce competition by forcing small local shops out of business is equally misconceived. Not only would deregulation enhance consumer choice and convenience by permitting more retailers to operate; but the number of small independent shops has long been in remorseless decline due to shifting social patterns and retailing costs. The process appears set to continue, whatever happens to Sunday trading regulations. If it threatens to produce an unhealthy concentration in the hands of a few large chains, the remedy lies not in restricting opening hours, but with competition policy.

The third argument, that Sunday trading creates unemployment, is more complex. The Home Office study suggests that, so far, the reverse may have been true. It calculates that 45,000 shopworkers now work only or mainly on Sundays - and would be prime casualties of any tightening of restrictions. But it also forecasts that full deregulation would result in fewer jobs in the longer term.

Calculating a precise figure is inevitably a speculative exercise. As the study points out, retailing is in the grip of sweeping structural and technological changes which are increasing pressures for productivity growth and shaking out inefficient capacity. Some job losses are bound to result. Curbs on Sunday trading will not reverse this trend. But they could thwart it temporarily – at the cost of inefficiency which must inevitably be paid for in higher retail prices.

While some of the study's contentions are debatable, its most powerful point is that protecting or restricting any business sector imposes costs on the rest of the economy. There are cases when that may be justified. That this is not one of them is clear from the fact that the most vocal arguments against freer Sunday trading spring from sectional concerns, not from a genuine attempt to define the wider public interest.

Ticket to ride or highway robbery

The UK government's idea of making drivers pay to use motorways poses problems, writes Richard Tomkins

It was in 1839 that the peasants of south-west Wales, incensed by the cost of getting their goods to market, disguised themselves in their wives' nighties and started tearing down the detested toll gates on the roads. The violence became known as the Rebecca riots after the *nom de guerre* of the peasants' leader. British governments have been sensitive on the issue of road charges ever since.

Undaunted by the lessons of history, Mr John MacGregor, the transport secretary, wants to bring back tolls. Later this month, or early in the next one, he is planning to bring out a consultation paper suggesting ways of charging motorists for using Britain's motorways. He hopes to sell the idea to motorists by persuading them that they will benefit by higher investment in new roads. But will motorists be prepared to accept the charges? Or, perhaps more realistically, will Mr MacGregor's cabinet colleagues?

As the Rebecca riots indicate, toll roads are no new thing in Britain. The first act for a turnpike road was passed in 1663, based on the principle that users should pay for the benefits the road brought. By 1830, more than 1,100 turnpike trusts controlled 22,000 miles of toll roads – some 20 per cent of the national road system.

Certainly the turnpikes were unpopular, but that was not the reason for their demise. It was the rise of the railways in the 19th century that put them out of business. One by one, the trusts were wound up, and responsibility for the road network passed to the state.

As things turned out, the triumph of the railways was to prove short-lived: cheap and flexible motor transport soon brought traffic back to the roads. Even so, it was not until the 1980s that the government started looking for ways of getting private capital interested in building highways again. Now, pressures on public spending have led to a redoubling of efforts to heave at least some of the responsibility for the road building programme onto the shoulders of the private sector.

The seemingly obvious course would be to decide what roads are needed and then dole out concessions to build and operate them to the private sector, allowing companies to recoup their investment through tolls. This seems to work satisfactorily in France, Italy and Spain, where toll roads have existed for decades. Why not in the UK?

One answer is that companies would stand little or no chance of making a profit in Britain because their toll roads would face competition from an existing motorway network that is free at the point of use. Elsewhere in Europe, toll roads typically provide the only motorway link between one city and another. Even given this favourable position, few are financially successful: the overwhelming majority have passed partly or wholly into public sector ownership over the years, or started out that way in the first place.

From that disappointing beginning, the next step in the argument is to suggest eradicating the free competition by putting tolls on the public sector motorway network, too. This is a highly tempting proposition for any government, since it not only provides a climate in which the private sector can take over a chunk of the road building programme, but produces a very large stream of revenue for the exchequer.

Unfortunately, the proposition founders on the practicality of collecting the tolls. Private motorways require multi-lane toll plazas, usually at junctions, to issue motorists with entry tickets and collect money from them at exits. While it is possible to incorporate these toll plazas into new motorways, it is impractical to build them into existing ones: the land take would be vast, particularly in a country like Britain where motorway junctions are frequent. And while it is sometimes argued that electronic toll-collecting technology will one day overcome this obstacle, that day is still many years away.

There is another important issue. The effects of building a new toll road are quite different from imposing tolls on an existing motorway. In the first case, the effects are benign to the extent that the new road provides relief for the existing road network. In the second case, the imposition of tolls has the reverse effect: it tends to divert cars and lorries off the existing motorway and onto the free, secondary roads, where they are likely to do the most damage.

For all these reasons, Mr MacGregor's green paper will almost certainly have to conclude that pay-as-you-go charges are a non-starter, at least until the necessary technology is available. Instead, it will end up suggesting a much simpler solution: the introduction of an annual fee for a permit to drive on the motorways, with drivers displaying the the permit, or *vignette*, on their windscreens.

Such a system is already operating in Switzerland, where anyone wanting to drive on the motorways has to buy a SFr30 (£13.50) annual permit, available at post offices and border crossings. Introduced in 1985, the scheme is ostensibly aimed at raising funds for the completion of the motorway network, but it has also had the effect of clobbering the highly unpopular transit traffic that had previously been getting a free ride on Switzerland's roads. This was undoubtedly a factor in winning approval for the scheme in a referendum.

One clear drawback with the *vignette* system is the unfairness of charging people the same amount whether they use the motorway once a year or twice a day. On the other hand, it is easy to introduce and simple to understand; it is much cheaper to operate than tolls – the Swiss government says only 10 per cent of fees paid are spent on administration; and the Swiss experience suggests that if the cost of the permit is not too great, most people will buy one, resulting in a low diversion of traffic from motorways to secondary roads. (The Swiss say 90 per cent of cars carry *vignettes*.)

But this still leaves one question unanswered. How are *vignettes* compatible with the idea of encouraging the private sector to build toll roads? Few people would be prepared to pay extra to drive on a private road if they had already paid a fee for using the state-owned motorway running next to it.

The answer could lie in shadow tolls – a system under which road tolls are paid not by motorists but by the government, according to the amount of traffic a private road carries. The effect would be that all roads, public or private, would remain free at the point of use: but the government would have a pot of money derived from the *vignette* and other motoring taxes, and could allocate it to roads according to the traffic they carried. Significantly, this would not only provide a means of remunerating the private sector for building new roads, but open the door to the privatisation of existing ones.

Attractive though this idea may be to Mr MacGregor, his course is strewn with obstacles. One of the biggest is the Treasury, for at least two reasons. The first is that the *vignette* scheme would blow a hole in firmly established principles forbidding the hypothecation of revenues – that is, the notion that any specific tax should be linked to any specific expenditure. The second is that the Treasury is opposed to shadow tolls because, by failing to levy the costs of a service directly on the people who use it, they fail to regulate demand – a point hammered home by financial secretary Mr Stephen Dorrell at a British Public Works Association seminar last month.

Other members of the government may have their own reasons for opposing Mr MacGregor's plans. Some, for example, may like to think they will still be members of parliament after the next general election. They are likely to have noted with horror the political furore, and subsequent rethink, that accompanied Germany's plans to introduce a *vignette* scheme for the autobahns next year. In Britain, even before the green paper has come out, the motoring organisations have mounted a campaign against what they fear is to come. A poll for the Royal Automobile Club published yesterday showed that 86 per cent of British motorists were hostile to the idea of charges. Already you can hear the rustle of nighties in the valleys.

What a difference a decade makes

PERSONAL VIEW

The world is full of free advice for the Bundesbank these days, most of it encouraging a much sharper drop in interest rates. The critics argue that the German economy is in recession and that the Bundesbank's tight monetary policy poses a risk not only for Germany but for the rest of Europe too. This may be true, but the Bundesbank's cautious, measured approach is still the best policy.

Many in the markets expect a repeat of the experience of August 1982 to March 1983, when the Bundesbank cut interest rates sharply and quickly. During this period the discount rate fell from 7.5 to 4.0 per cent, which, at 50 basis points a month, was twice the rate of decline seen from September 1992 to the present (even with the larger-than-expected repo rate cut in April). But the comparison of these two periods is misleading because the economic climate in Germany was strikingly different in 1982-83.

First, inflation was clearly headed downward; the surge in commodity prices that led to high inflation in 1980-81 was being reversed in 1982. Also, the strength of the D-Mark helped the situation. In trade-weighted terms, the currency was up about 9 per cent in summer 1982 relative to a year earlier. It rose another 6 per cent by spring 1983. Accordingly, import price inflation dropped to 1.5 per cent in 1982 from 14 per cent in 1981. Consumer price inflation peaked at 7.4 per cent in late 1981, and then fell to under 3 per cent by the end of 1983.

Germany's current 4.2 per cent inflation rate is not due to international commodity price gains. Import prices have fallen since 1989. Instead, higher wages, service prices, rents and indirect taxes have been the main contributors to inflation. While wage growth and perhaps service-sector inflation will slow this year, rents and indirect taxes continue to rise. If the Bundesbank were to ease rapidly and let the D-Mark fall, imported commodity price inflation would compound the domestic inflation problem.

A second difference between the early 1980s and today is German fiscal policy. In 1982 and 1983, in spite of the weak state of the economy and the loss of a half million jobs during 1981, the government cut real government expenditures and raised indirect taxes. As a result, the public deficit declined from a 1981 peak of almost 5 per cent of GNP to about 3 per cent in 1983. This helped to provide a framework in which interest rates

The Bundesbank is unlikely to cut rates as aggressively as it did in the economic climate of 1982-83

could be cut radically.

The same cannot be said of the present fiscal stance. Following recently agreed tax increases, the public-sector deficit is expected to improve from this year's 7 per cent of GDP to 5 per cent by 1995. But that figure is still high, and therefore the Bundesbank is understandably reluctant to cut short-term interest rates aggressively.

The current account deficit compounds the problem by making Germany dependent on foreign capital inflows. Hence there must be a credible policy framework to attract foreign investors. In contrast, the current account went from deficit in 1981 to surplus in 1982.

Another difference from 10 years ago is the structure of interest rates – both inside and outside Germany. The current German yield curve offers relatively low-cost financing at the long end. The private sector has responded by increasing its use of lower cost long-term financing. This partially mitigates the impact of high short-term interest rates on the private sector.

By contrast, in summer 1982 when the easing cycle began, the German yield curve was flat at around the 9 per cent level, meaning that real interest costs were much higher at the long end of the yield curve. When the Bundesbank finished easing in 1983, 10-year bond yields were 300 basis points higher than three-month money rates.

In the second half of 1982, the US Federal Reserve slashed the Federal Funds rate, allowing the Bundesbank to cut rates without putting extreme pressure on the D-Mark. This alleviated the fear of adding to imported inflation when cutting German rates. Currently there is little prospect of further cuts in US rates, so as the Bundesbank brings down German rates it will become cheaper to sell D-Marks for dollars. Thus, cautious cuts are the best way to protect the external value of the German currency.

Finally, it must be remembered that central banks have essentially only one instrument with which to affect the markets – the level of overnight interest rates. With but one instrument to work with, it is not possible to move toward two targets. Anyone who expects the Bundesbank to ignore its own domestic concerns by cutting interest rates sharply so as to stimulate other European economies is likely to be disappointed.

Gregory Hoelscher

The author is chief economist at Moore Capital Management

OBSERVER

Bouncing Gaidar

■ While not as risky as playing Russian roulette, being used as a political yo-yo must have its unnerving aspects. But Yegor Gaidar, who looks to be undergoing such treatment, showed every sign of thriving on it while wowing audiences at the London School of Economics this week.

Main architect of Russia's economic reform until last December, he was sacked by Boris Yeltsin in deference to the conservative parliament. Now reformists are lobbying the president to lure him back.

Where in the cycle is he placed at the moment? No idea, he says, throwing up his hands. "I've been in London for two days and already lost touch with Moscow intrigue."

Still, to judge by his LSE account of how he and a few fellow reformers took swift advantage of the post-coup power vacuum , he could be just the man to seize the current opportunity.

With the system transfixed by shock in 1991, Gaidar pushed a previously recalcitrant bureaucracy into slashing the military budget by 70 per cent. He also cut the budget deficit, headed off hyper-inflation, and forced the other republics to stop issuing uncontrolled rouble credits.

What he failed to do, however, was curb the powers of the central bank. It continued to undermine the reformists' tough monetary policy by issuing cheap rouble credits to the unreformed state enterprises – the same sin of which national bank chairman Viktor Geraschenko stands accused.

If they succeed, the betting is that the bank job would go to Boris Fyodorov. But he could be replaced by Gaidar as deputy prime minister in charge of finance, so bouncing back into his old job.

Geography lesson

■ Meanwhile, digging into the Soviet past in the course of a 10-part series entitled The World That Came in from the Cold, the BBC World Service purports to have unearthed some remarkable facts.

One of the more far-fetched anecdotes hails from a Budapest civil servant who recalls how Soviet troops, summoned to quash the November 4 1956 uprising, emerged from their tanks – when the fighting was done – asking for directions to the ocean. Crestfallen to find no briny, one of their number explained that they thought they were shooting the British in Suez.

Well, Shakespeare's grasp of geography was a little ropy too. Remember The Winter's Tale, where Bohemia is by the seaside?

Politically correct

■ Any city preparing to host the Olympics quickly becomes involved

in the Pork Barrel Stakes, a lucrative game for local companies bidding to construct or consult on the myriad facilities for a modern Games. Atlanta is no exception.

The $1m design contract for the city's new Atlanta Olympic Tennis Centre has gone to the locally based Tennis Design Group. This consortium of four Georgia firms will provide architectural and engineering services for the 15-court, 20,000-seat complex to be built at Stone Mountain Park.

According to sources within the Atlanta Organising Committee, the factor in the proposal that was key to the consortium winning the work was a commitment to allocate 37.2 per cent of all assigned work to black and female businesses within Atlanta, How this percentage was arrived at is not revealed in the tender documents.

Soundless

■ Adding insult to injury, shareholders in Philips who haven't seen a dividend in three years, yesterday witnessed their AGM going-home present – traditionally a compact disc produced by Polygram – also evaporate into thin air.

Nothing to do with the current hoo-ha about the exorbitant cost of CDs in Europe – "we're not a spiteful company," a London-based spokesman was quick to point out – the measure was attributed by president Jan Timmer simply to energetic corporate belt-tightening.

Shareholders had been warned of the new policy in advance, which no doubt explains why the attendance figures dropped from 2,700 last year to 1,739 yesterday.

Taking ways

■ Becoming America's first black agriculture secretary is some achievement, but the only response Mike Espy's success has won from his parents is: "We told you so."

It seems that, unlike the other children of the Mississippi Delta family, young Mike never had any idea what he wanted to do when he grew up. His parents therefore set him a test. In his absence, they laid on the table a $20 bill, a bible and a bottle of whisky, then waited to see which he'd pick up first on his return.

Their idea was that if he chose the money, he'd be a banker; if the bible, a preacher; and if the whisky, ah well... Instead, however, he scooped up all three, tucking the bible under one arm, the bottle under the other, and sticking the bill in his pocket.

"Oh no! He's going to be a politician," gasped his prescient parent.

Fine thing

■ Further to our story yesterday regarding Invesco MIM defections, it appears that Imro shares Observer's concerns about the empty desks at the struggling fund manager. The self-regulatory body has been quietly asking Invesco's compliance department whether it has enough staff to man the telephones after the fine has been imposed and the customers start calling.

Unhinged

■ Seeing St Peter obviously worried by his appearance, the new arrival at the pearly gates announced: "I'm a scrap metal dealer, an honest one." The saint replied that he was to wait there while he went and checked with the chief.

When he got back, the gates had gone.

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Authorities in northern Cyprus distance themselves from a 'local hero'

UK warned of Nadir's escape

By John Mason in London and John Murray-Brown in Kyrenia

SFO admits it was warned .... Page 10
Bankruptcy vice was tightening .... Page 10
UK in rush to step up pressure .... Page 10

BRITAIN'S Serious Fraud Office was tipped off on Sunday that Mr Asil Nadir, the former chairman of Polly Peck International, was about to flee the country, but did not take any special measures to prevent his flight.

The tip was passed on to the *Metropolitan Police*, who issued a routine "all-ports" warning to all major ports and airports but *decided not to launch a surveillance* operation on Mr Nadir.

A warrant was issued in London yesterday morning for Mr Nadir's arrest, two day after his flight to northern Cyprus.

The SFO yesterday acted to counter criticism by issuing a statement, saying the tip had been the latest of "numerous" similar claims, all of which had proved false.

In northern Cyprus, the authorities distanced themselves from Mr Nadir, who hitherto has been seen as a local hero on the island.

Mr Rauf Denktash, president of the self-proclaimed republic, said in an interview with the *Financial Times that Mr Nadir's flight* would provide confirmation for those who saw the island as a "haven for criminals."

He added: "Legally we can do nothing. The only way out is for moral pressure to be put on Asil Nadir to choose between going back to face the music or staying here and making us suffer for it."

This is the first time President Denktash has openly criticised the fugitive Cypriot businessman and is seen as a measure of the growing concern of the possible diplomatic fall-out for the government in Nicosia.

Turkey, which has bankrolled the territory since Turkish forces occupied the northern part of the *island in 1974, was also urging* action yesterday as the diplomatic row threatened to spread. *Mr Tugay Ulucevik, Turkey's* special envoy on the Cyprus talks raised the matter "at length" in a meeting with Mr Denktash.

Mr Tristan Garel-Jones, a UK Foreign Office minister, summoned the Turkish ambassador in London, Mr Candemir Onhon, to a meeting, but later cancelled the appointment to answer questions in the House of Commons. *The meeting, at which Mr Garel-*Jones will press Turkey to put pressure on northern Cyprus to ensure Mr Nadir's *return to the* UK, is now due to take place this morning.

The northern Cyprus council of ministers was meeting yesterday in special session, at Mr Denktash's urging.

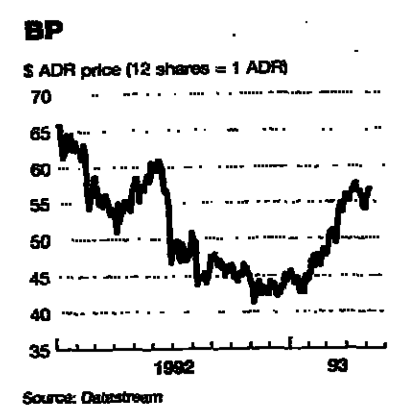
Meanwhile, Mr Nadir appeared briefly to tell the massed ranks of British journalists thronging the muddy lane *outside* his house that he would explain his plans on Friday.

Turkish offials are concerned that the country's own relations with the UK could be damaged by the Nadir affair. The UK has no extradition agreement with the island territory. However should Mr Nadir go to Turkey, London and Ankara could become embroiled in a legal dispute over his extradition.

THE LEX COLUMN

BP's transatlantic affair

FT-SE Index: 2786.3 (-10.2)



American investors who believed the BP *story had their faith sorely tested* last year. Yet despite the dividend cut, the departure of its aggressive US-style chairman and a limp share price performance, US holdings of BP's stock grew from 8 per cent to 23 per cent in 1992. In large part this reflected BP's relative attraction, using US cash flow valuations. Even now BP sells on around 4.5 times its cash flow, while comparable US companies such as Chevron and Arco sell for a multiple of about 6 and Exxon and *Shell* around 7. Sophisticated investors who adjust for the cost of servicing debt will doubtless argue *that this overstates the attraction.* Even they concede that BP is still at a 10 per cent discount to its competition.

That should be some comfort to those who fear that US profit taking could do for the BP share price what it did for Glaxo. Further underpinning came from yesterday's results, which showed that the company's cost cutting programme was *starting* to produce results without much help from dismal refining and chemicals markets. By setting his face against a rights issue Mr David Simon, the chief executive, seems determined to keep the company's feet to the fire. Stability *has returned* and *further* cost savings may come in areas such as refining and marketing, but BP's solid *core of debt remains. It seems clear* that some form of additional risk capital will be needed once the company is ready to go back on to the offensive. A rights issue still seems most likely, and by 1995-96 the scars from the dividend cut may have healed. Meanwhile those UK investors who believe the recovery story will have to cast aside their traditional yield prop if they want to go along for the walk.

Bank of Scotland

Bank of Scotland has a number of excuses for the jump in its second half provisions. Those at its Bank of Wales and Countrywide subsidiaries were a one-off adjustment. With luck the larger hits, like that for Isosceles, will not be repeated, so provisions should fall this year. But there remains the nagging doubt that the latest figures also reflect the quality of the bank's loan book. If so, the decline could be *marginal, especially given Bank of* Scotland's relatively low provisions earlier in the recession.

This matters because the bank needs retained earnings to underwrite growth at the operating level. Second half operating profit rose 46 per cent on the same period of 1991-92. That was thanks partly to a reduction in the underlying growth rate of costs but it also reflects higher lending, particularly on mortgages. At 5.8 per cent the tier 1 capital has reached the point where assets cannot grow unchecked. *The shares* have under-performed the sector by 10 per cent since last September. Until the trend on provisions *is clearer, it is too early to bet on* Bank of Scotland recovering its premium rating.

UK gilts

The good news that overseas buyers bought £1.1bn of gilts in March has its counterpart in data on purchases by other investors. Banks and building societies bought £1.3bn, other UK investors only £370m. The figures may have been distorted by the March auction which was only settled in April. However it looks as though institutional interest reported during March was more related to switching out along the yield curve than outright buying. Institutions' reluctance to commit much new money to gilts is disconcerting given the fickleness of both overseas and bank buyers.

In public most banks have professed a distinct lack of enthusiasm for gilts. Those that have built up their holdings *have less incentive* now *that* hopes of lower base rates have faded.

Understandably liquidity worries *are growing in the gilt market, which* is expecting a new auction announcement soon as well as large calls in existing issues. Overseas buyers are less likely to come to the rescue now that sterling's failure to rise above DM 2.50 has cast doubts about its room for further appreciation. Insofar as this reflects Bank of England intervention, the authorities are making life more difficult for themselves. Already in March, PSBR funding was offset by about £1.6bn in intervention, presumably to replace the money spent defending the ERM parity. The longer that continues, the more gilts the Bank will have to sell.

Jefferson Smurfit

Jefferson Smurfit is a curious stock market beast. There are few enough quoted cardboard box manufacturers exposed to markets as diverse as Venezuela and Ireland – *fewer still* that make any money from them. Shareholders may be disgruntled that pre-tax profits fell 39 per cent to I£95.5m last year. That, though, represents a creditable achievement given Smurfit's chronically depressed markets.

The company's robust balance sheet and geographical spread *have enabled* it to weather the recession better than most. Although some may baulk at *Smurfit deriving almost 60 per cent of* its trading profits from Latin America, others will view that as an attraction, *given the continuing weakness of con*tinental European markets. There are benefits to come from the flotation of *Smurfit's US associate, JSC.* That, though, may be later rather than sooner given its trading weakness and the *pricing* troubles in the US board market.

Whatever Smurfit's attractions, though, investors may find their gaze straying elsewhere if recovery really does take hold. Smurfit's more highly geared Scandinavian and north American rivals should see their profits shoot ahead far faster.

LWT

So now we know what LWT really stands for: Lottery Winners' Ticket. The huge share option bonuses LWT's top 44 managers can soon cash in represent a new benchmark of some kind. No-one can dispute the contribution LWT's management *has* made in hanging tough and *bidding low in the* farce that was the television franchise auction. But other successful directors *like those of Scottish* and Central have not been recompensed on anything like the same scale. LWT's managers' rewards are out of all proportion to the risks they ran or the effort they expended.

Italy's PM says poll reforms are priority

By Robert Graham in Rome

MR CARLO Azeglio Ciampi, Italy's new prime minister, yesterday pledged to introduce electoral reform based on the system of majority voting before the summer parliamentary recess.

The former central bank governor, outlining his programme before parliament, said electoral reform was an absolute priority. But he also stressed the importance of introducing corrective measures to the 1993 budget and of drawing up the 1994 budget by July.

His commitment to reform and promise of quick legislation looked likely to ensure that his *government, finally formed on* Tuesday, would gain the necessary support in a vote of confi*dence due today.*

Mr Ciampi is counting on the slim majority of the four parties in the outgoing Amato coalition – the Christian Democrats, Socialists, Social Democrats and Liberals.

The main opposition parties, the former communist Party of the Democratic Left and the populist Lombard League, said yesterday they would abstain.

However, a measure of Mr Ciampi's difficulties was evident in the conflicting demands upon the government. Mr Ciampi talked of his government being "transitional". In addition, his desire to complete electoral reform by the summer recess, has led a number of deputies to assume that he is aiming for autumn elections.

Against this, the economic part of his programme, committed to *speeding up privatisation and* introducing the 1994 budget, suggested the government could *have a longer life.*

The Christian Democrats in particular urged him not to announce in advance a time-span for the government and they clearly hope he can last until next year, so allowing the party to reorganise.

In his statement to parliament, Mr Ciampi said the April 18 referendum had made electoral reform essential. He said similar rules had to apply to the senate and chamber of deputies.

The April referendum endorsed the introduction of a first-past-*the-post system* for the senate but reserved one-third of the seats for a form of proportional representation.

- There were significant developments in Italy's corruption scandals yesterday.

In Naples, Mr Antonio and Mr Lucio Cirino Pomicino, brothers of Mr Paolo Cirino Pomicio, the former finance *minister and the* leading Naples Christian Democrat politician, were arrested on *charges of extortion.*

Rome magistrates arrested Mr Angelo Iacorossi, a leading entrepreneur in the oil and construction business, on corruption charges. Mr Pietro Tradico, a board member of TPL (Technologie Progetti *Lavori), a leading* civil engineering company, was arrested on charges of falsifica*tion of accounts.*

Japanese current account surplus increases by 38%

By Charles Leadbeater in Tokyo

JAPAN'S current account surplus rose by 38 per cent to a record $19.09bn in March compared with the year before. The government figures, published yesterday, are likely to fuel US pressure for measures to cut the surplus.

The sharp rise largely reflects the recent appreciation of the yen against the dollar, which has increased the dollar value of Japanese exports.

The yen's strength will ensure that the dollar value of the trade surplus will continue to rise strongly for the next few months just as the US and Japan conduct talks on measures to open the Japanese market to imports.

The talks are aimed at reach*ing an agreement on trade policy* which President Bill Clinton and Mr Kiichi Miyazawa, Japan's prime minister, would finalise at a summit in early July.

The growth in the surplus will also add to pressure on Japan to consider further measures to boost domestic demand, to suck in more imports.

The US administration has repeatedly said it regards the special Y24,000bn pump-priming measures which Tokyo introduced last August as just a first step in reviving domestic demand in Japan.

In March, the trade surplus was 20.2 per cent higher at $15.6bn than a year earlier, as the dollar value of imports rose 10.1 per cent to $18.24bn and exports increased 14.5 per cent to $33.83bn.

However, in yen terms, which provide a more accurate picture *of underlying trends, Japanese* exports were only 1 per cent up in March at Y3,960bn, while imports were 2.9 per cent down at Y2,135bn.

For the year to the end of March, Japan's current account surplus was 39.7 per cent up at a high of $126.08bn. The previous record was $94.14bn in 1986. The trade surplus for the 1993 fiscal year was $136bn, up 19.7 per cent.

Combined with the slowdown in the Japanese economy, the surge in the surplus is likely this year to take it close to 4 per cent of gross national product, the peak it reached in the mid-1980s which led to trade friction with the US.

The downturn in Japan was confirmed by an 11 per cent fall in vehicle sales in April from the same month in 1992. The slump douses hopes that a 1.7 per cent increase in March's sales marked *the bottom of the decline in the* car market.

Branson sets Virgin's sights on UK personal computer market

By Alan Cane in London

MR Richard Branson's Virgin Group is planning an assault on Britain's £3bn a year personal computer business.

The airline-to-music group wants to take a substantial share of the market, bringing it into direct competition with traditional suppliers such as International *Business Machines* and Compaq as well as more recent entrants such as Amstrad and Elonex.

The vehicle for Virgin's move is Virgin Euromagnetics, a small *electronics company* currently turning over about £12m a year which Virgin has owned for two years. It currently supplies computer media such as floppy diskette packs which Virgin sells in its stores.

The company has designed and built an advanced machine based on the most popular microprocessor chip, the Intel 80/486. The machines will be assembled in the UK to Virgin's specification.

Mr John Jenkins, Virgin Euromagnetics' sales and marketing manager and 20-year computer *industry* veteran, said the chosen factory, as yet unnamed, would build PCs only for Virgin. *Production rates are expected to* be around 3,000 a month in the build-up phase.

The machine is expected to cost about £1,100 ($1,700); Virgin is discussing selling a package of computer plus a laser printer for about £1,250 which implies virtually giving away the printer.

The plan is to start acceptance testing both inside Virgin and with selected customers in the next few weeks in preparation for a grand launch in September.

The PC business in the UK is one of the most difficult in Europe, characterised by savage price cutting and fierce competition.

Mr Jeremy Davies of Context, a London-based consultancy which analyses the UK PC market, said: *"If the Virgin products are attrac*tively packaged and competitively priced, then there is no reason why they should not do well."

Virgin starts court action against BA, Page 9

Clinton warns of unstable Europe, seeks tough action

Continued from Page 1

the Bosnian Serb assembly's decision, Mr Christopher and European *Community ministers* were unable to reach agreement on how best to step up pressure on the Bosnian Serbs at a meeting in Brussels.

Both sides insisted on the need for a united response and left open all military options. But there were differences in emphasis that may require until next week to sort out.

Britain and France, in particular, strongly oppose any lifting of *the international embargo on* arms sales to Bosnia and also have reservations about air strikes against Bosnian Serb supply lines, though they have not ruled them out as a last resort.

The EC countries' position was broadly summed up by Lord Owen, the Community's mediator, *who described the Bosnian* Serb assembly's decision as "a dangerous folly", but cautioned against hasty military action.

"It is a matter of pressure, relentless pressure. Do not rush in with bombs," he said, although conceding that the time *for military measures had been* brought a step closer.

Both Mr Major and Lord Owen emphasised the role Serbia could play. "Whatever views may emerge from the self-appointed Bosnian Serb assembly, the international community expects President Milosevic [of Serbia] to make good that agreement," Mr Major said, adding that Britain and its allies would intensify pressure on Serbia and the Bos*nian Serbs until the peace agree*ment was approved.

Lord Owen, who is due to have talks with Mr Milosevic in Belgrade today, paid tribute to the Serbian president for his attempt to persuade the Bosnian Serb assembly to endorse the peace accord.

He insisted that the Serbian *leader had the power to reverse* the decision by depriving the Serb military of essential arms and other supplies.

Bonn thrown into disarray

Continued from Page 1

burg-Vorpommern, Mr Krausehas proved to be accident-prone *since he joined the Bonn govern*ment.

Only six weeks ago, he was accused of claiming social security subsidies for employing a cleaning lady at his home. Previously, he was involved in a minor scandal over a boisterous Christmas dinner in a Bonn restaurant. Soon after his appointment as transport minister he was also involved in allegations of favouritism over the allocation of ser*vice-station sites on the recon*structed east German autobahn system.

Mr Kohl, who has maintained his own reputation of scrupulous honesty in public life, refused to make any public word of criticism of Mr Krause yesterday, praising him for his contribution to German unification. But he *admitted that "everyone who is* in public life lays themseves open in a particular way to public criticism."

World Weather

City		°C	°F
Ajaccio	T	18	64
Algiers	F	18	64
Amsterdam	S	14	57
Athens	F	20	68
Bahrain	F	36	97
Bangkok	F	36	97
Barcelona	F	21	70
Beijing	R	17	63
Beirut	C	19	66
Belfast	S	14	57
Belgrade	F	20	68
Berlin	C	9	48
Bermuda	S	22	72
Bombay	S	32	90
Bordeaux	S	21	70
Boulogne	S	14	57
Brussels	S	14	57
Budapest	F	23	73
Buenos Aires	F	17	63
Cairo	S	25	77
Cape Town	C	17	63
Caracas	C	29	84
Casablanca †	F	20	68
Chicago †	S	11	52
Cologne	C	12	54
Copenhagen	F	10	50
Corfu	F	21	70
Dallas †	C	19	66
Dublin	F	14	57
Dubrovnik	S	23	73
Edinburgh	F	14	57
Faro	S	19	66
Florence	S	23	73
Frankfurt	R	9	48
Geneva	C	15	59
Gibraltar	F	20	68
Glasgow	F	17	63
Helsinki	S	21	70
Hong Kong	C	29	84
Innsbruck	F	16	61
Inverness	C	12	54
Islamabad	F	39	102
Istanbul	F	13	55
Jakarta	R	32	90
Johannesburg	F	24	75
Lisbon	C	17	63
London	F	11	52
Los Angeles †	F	16	61
Luxembourg	C	15	59
Madeira	C	17	63
Madrid	S	21	70
Majorca	S	24	75
Malaga	F	21	70
Malta	F	18	64
Manila	F	36	97
Melbourne	S	19	66
Mexico City	C	25	77
Miami †	S	25	77
Milan	R	15	59
Montreal †	S	15	59
Moscow	C	18	64
Munich	C	11	52
Nairobi	C	27	81
Naples	C	20	68
Nassau	F	27	80
New Delhi	S	40	104
New York †	S	18	64
Nice	S	20	68
Nicosia	S	19	66
Oporto	F	17	63
Oslo	F	11	52
Paris	S	16	61
Prague	F	15	59
Reykjavik	F	6	43
Rhodes	S	20	68
Rio de Janeiro	C	32	90
Rome	F	19	66
Salzburg	S	18	64
S'Francisco †	C	13	55
Seoul	C	13	55
Singapore	F	30	86
Stockholm	S	20	68
Strasbourg	C	9	48
Sydney	F	19	66
Taipei	C	31	88
Tangier	C	20	68
Tel Aviv	S	20	68
Tenerife	F	21	70
Tokyo	F	21	70
Toronto †	S	12	54
Tunis	R	14	57
Valencia	S	24	75
Venice	S	22	72
Vienna	S	18	64
Warsaw	F	24	75
Washington †	S	17	63
Zurich	C	11	52

Temperatures at midday yesterday
† Noon GMT temperatures
C-Cloudy Dr-Drizzle
F-Fair Fg-Fog H-Hail
R-Rain S-Sunny
Sl-Sleet Sn-Snow
T-Thunder

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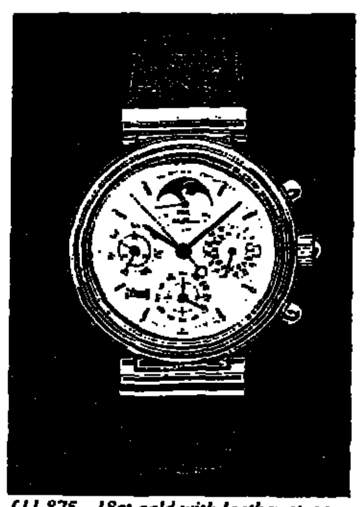

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A chronograph that *shows, day in day* out, the position of the moon in the sky. And automatically changes the date, weekday, month and even *the* year - without the need for any correction - up to New Year's Eve 2199. A chronograph with a mechanical masterpiece, the precision of which others have to measure up to. A chronograph with a case crafted in 18ct yellow gold on which the individual serial number and your own name is engraved on the base.
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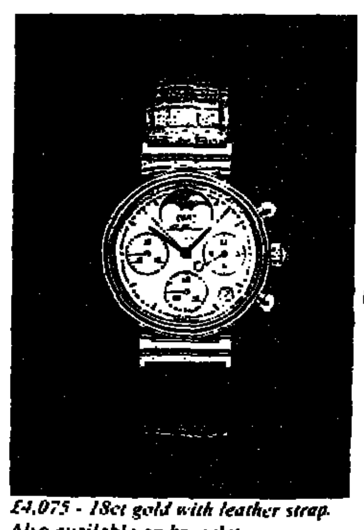
The Da Vinci is *made* by IWC.



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FINANCIAL TIMES
COMPANIES & MARKETS

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Friday May 7 1993

INSIDE

BP raises eyebrows with tripled earnings

British Petroleum surprised the City yesterday with better-than-expected first-quarter earnings of £231m ($356m) compared with £73m a year ago. Mr David Simon, chief executive, said the improvement was largely due to "self help". But he warned that cashflow in the second quarter would be adversely affected by a $630m tax charge due to the Alaskan government and lower divestment proceeds. Page 24

Salt agitation in India

A decision by giant US multinational Gargill to site a salt unit on the west coast of India's Gujarat state has sparked opposition. Thousands of activists, politicians, trade unionists and salt farmers are planning to march to a piece of flat marshy land against the plan. The May 17 action is being compared with the historic salt march agitation in the same region by Mahatma Gandhi (above left) more than 50 years ago, which led to India's independence from Britain. Page 32

Nedcor ahead 22% to R234m

South Africa's fourth largest bank, Nedcor, yesterday reported a 22 per cent increase in net income to R234m ($74m) for the six months ended March, 1993. The result was achieved despite heavier provisions. The bank has reacted to the volatile operating environment by making generous risk provisions and not taking the full benefit of various deferred tax benefits, said Mr Chris Liebenberg, chief executive. This is a time to be conservative, he said. Page 22

Higher oil prices help Statoil

Statoil, the Norwegian state oil company, boosted first-quarter net profit to NKr1.2bn ($179m) from NKr605m last year, helped by higher oil prices, cost reductions and a substantially improved financial result. The group warned of a "rather lower" second quarter. A Statoil executive, Mr Morten Woldsdal, said the group would not feel the full effect of several significant cost reduction programmes implemented last year until 1995 and 1996, after which costs will have been reduced by an estimated NKr2.6bn. Page 20

Angels flee British clearing banks

Has the angel of the British clearing banks deserted? Such conclusions were tempting yesterday as Bank of Scotland announced an 11 per cent fall in pre-tax profits a day after its rival, Royal Bank of Scotland, exhibited signs of recovering from the worst. As signs appear of economic growth, Bank of Scotland's 45 per cent rise in debt provisions raised questions about whether it under-provided earlier. Pages 20 and 24 and Lex, Page 18

Chase Manhattan to sell HK arm

Chase Manhattan is to spin off its Hong Kong credit-card operation. Mr James Brew, senior vice-president of Chase Manhattan Bank, said an application had been filed with the Hong Kong Stock Exchange. The money raised would be used to feed the bank's expanding Visa Cards and Mastercards operation. Page 21

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
D'sche Babcock	147.4	+	5.2
GEHE	402	+	12
Leifheit	505	+	10
Rheinelektra	915	+	13
Falls			
Gerresheimer	208	–	17
Springer Axel	500	–	15

NEW YORK ($)

Rises			
Carter Hawley	14	+	1¼
Penney (JC)	43⅞	+	1
Rochester Sav	16⅝	+	⅞
Sears	54	+	½
Storage Tech	34⅞	+	2¼
Falls			
Woolworth	29⅛	–	1⅝

New York prices at 12.30.

PARIS (FFr)

Rises			
Bouygues	656	+	10
Cred Lyon	647	+	7
Essilor	452	+	22
Promodes	736	+	25
Falls			
Docks de France	457	–	12.5
Elf Sanofi	970	–	16

TOKYO (Yen)

Rises			
Futurestar	728	+	100
Japan Aviation	979	+	100
Maruiya Op.	535	+	85
Toshiba Steel	550	+	70
Falls			
Hitachi Const	1120	–	80
Nippon Carbide	588	–	31

LONDON (Pence)

Rises			
Aerospace Eng	19½	+	3½
Betterware	272	+	12
Bogod A	35	+	10
Doeflex	138	+	7
Forward Grp	235	+	14
Geest	381	+	15
Instem	135	+	7
Kelt Energy	40	+	7
ML Labs	189	+	8
MMT Computing	115	+	6
Micro Focus	2185	+	117
Northamber	45	+	6
P-E Int	78	+	12
Ratners	27¼	+	2¼
Vodafone	383½	+	13½
Wiltshire Brew	12	+	3
Falls			
Creighton's Nt	170	–	8
Merivale Moore	39	–	4
Simon Eng	97½	–	9½
Sindall (Wm)	93	–	8
Spring Ram	82	–	5
Tomkins	224	–	12
Trafalgar Hse	90½	–	4½
Volex	375	–	10

Argentaria public issue is oversubscribed

By Tom Burns in Madrid

ARGENTARIA, Spain's state-owned banking group, yesterday said the public issue of 25 per cent of its shares to raise Pta120bn ($1.04bn) had closed heavily oversubscribed.

Foreign interest was particularly high with international investors subscribing for 10.6 times the shares on offer.

The oversubscription comes at a time when the peseta is under pressure and when potential political instability is forecast in Spain ahead of the general election on June 6.

Argentaria is placing only 39 per cent (Pta41.8bn) of the total 25 per cent equity offering outside Spain but international demand for the banking group's paper totalled Pta445bn – slightly less than the Pta476bn at which the offer values the whole group.

In Spain, where 61 per cent of the offering will be placed, domestic institutions and retail investors oversubscribed by 4.6 times. Demand in the retail tranche totalled Pta206bn against the Pta55.1bn offered.

More than 370,000 small domestic investors applied for paper, a total that automatically gave Argentaria the biggest share register of any Spanish banking institution.

Argentaria shares will start trading in Madrid, New York and London on May 12. Analysts believe a big proportion of the domestically held equity could end up abroad.

The issue has been globally co-ordinated by Morgan Stanley of the US and Argentaria is in the position of being able to distribute the international tranche of its offering on the basis of the quality of the demand for its shares.

To a great extent the success of the share offering has been due to investor approval of the Argentaria management team headed by its chairman, Mr Francisco Luzon. "There is a general feeling that this a clean, tough team creating an efficiency story," said an executive of one of the lead manager banks in the placement.

Mr Luzon, who set a price of Pta3,800 per share, could now, however, come under fire for selling the group's stock too cheaply.

There are also likely to be suggestions among treasury officials, who are hard pressed to reduce Spain's large government deficit, for a second offering of Argentaria paper.

Sara Webb asks how long overseas demand for UK government bonds will last

Foreign buyers fancy a spring fling in gilts

FOREIGN investors have returned to the UK government bond market this spring after a noticeable absence. Overseas purchases of gilts amounted to £1.134bn ($1.74bn) in March, up from £1.031bn in February and triple the month's sales to UK buyers.

With a forecast Public Sector Borrowing Requirement (PSBR) of £50bn for 1993-94, the Bank needs to attract as many buyers to the gilt market as possible – both domestic and overseas.

The renewed foreign interest this spring has been sparked by three things: the potential to make currency gains as sterling strengthened against other currencies; the potential to make capital gains as gilt prices rallied on hopes of falling interest rates; and the availability of relatively high yields compared with those on other government bonds.

While sterling was a member of the European exchange rate mechanism, foreign investors played an important role in helping to fund the PSBR. They held between 13 per cent and 17 per cent of total UK government debt. With sterling in the ERM, they felt the exchange-rate risk was much lower, and they expected a gradual cut in UK interest rates as inflation fell, resulting in a rally in gilt prices.

However, foreigners got cold feet as sterling came under intense speculative pressure in August and early September. The outflow sparked worries that the government would face difficulties in funding the growing PBSR in 1992-93 and 1993-94.

The Bank's latest figures suggest the tide may have turned. Some dealers claim they have noticed healthy foreign demand for gilts since February, prompted by hopes that sterling would appreciate against other currencies, especially the D-Mark. Sterling fell to DM2.3275 in February, but has risen, closing yesterday at DM2.48.

Mr Kim Thomsen, head of fixed income at fund management group Danske Invest, expects sterling to appreciate to DM2.50-DM2.60. "We look at both the currency and the return on the bond side when we are investing in the bond markets. I think when Germany cuts rates, sterling will strengthen so the currency would get an extra kick."

Mr Michael Korn, head of bond portfolio management at Deutsche Investment Trust, Dresdner Bank's investment arm, says "Sterling is still interesting for German investors because of the potential for currency appreciation. We see sterling in the DM2.45-DM2.55 range."

Japanese investors also have been buying UK securities – both equities and gilts. Mr Chris Dillow, economist at Nomura International, says: "The strength of the yen against all currencies, particularly sterling, has acted as a force for outward investment from Japan."

Mr Malcolm Roberts, head of global bond research at UBS, says that even though gilt yields have declined, they are still relatively high compared with those in other bond markets. For Japanese investors, 10-year gilt yields of 8 per cent compare very favourably with domestic debt yields of 4.33 per cent.

"I could see one more cut in the UK if the economy remains weak or if Germany starts to cut rates very fast" says Mr Kim Thomsen of Danske Invest. "The Bundesbank could cut rates very rapidly once they realise how deep the recession is in Germany."

However, there are plenty of foreign investors who believe that the gilt market is now less attractive than other government bond markets, especially since recent economic data suggest the UK may be pulling out of recession, reducing the chance of further interest-rate cuts.

"The potential for low rates is not too exciting" claims Mr Korn of DIT. "In a European context the UK is well ahead in the cycle, so the potential for lower rates is less than in Italy and Spain."

Mr Martin Wooller, head of fixed income at the UK operations of Fidelity, the US fund managers, thinks there are other, better opportunities, "because of the high real interest rates available elsewhere".

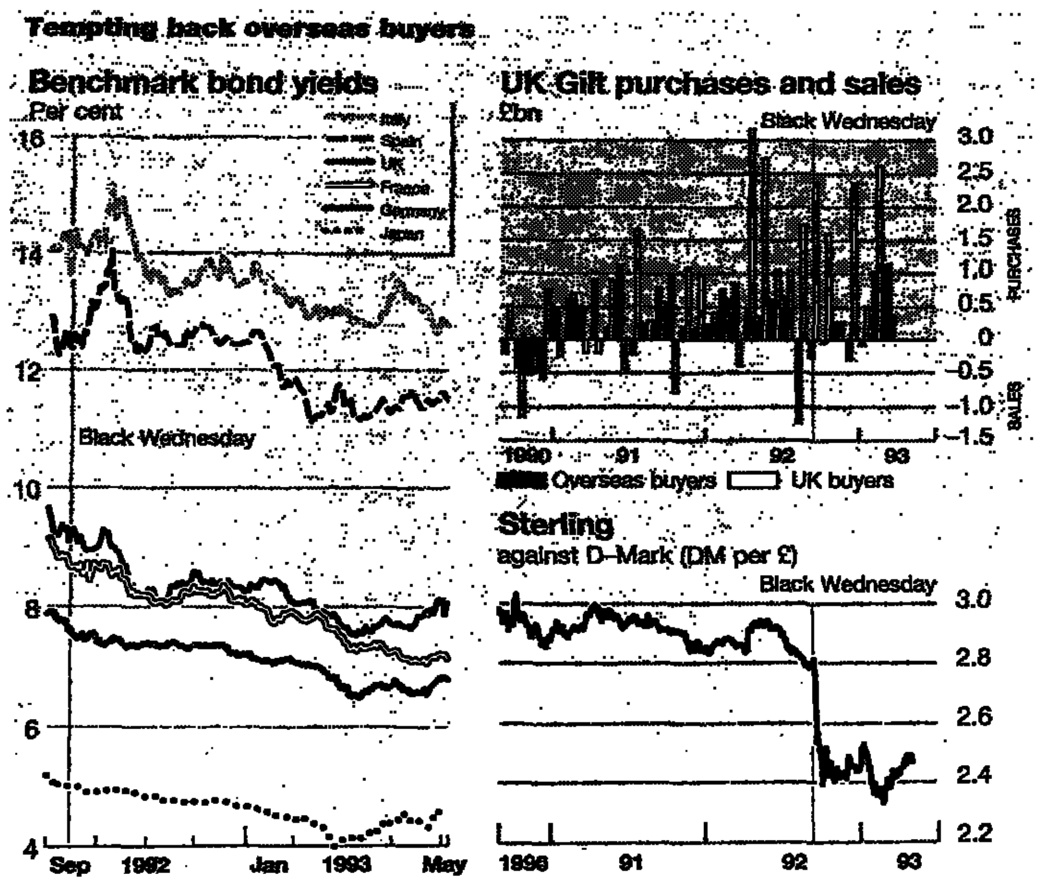
"Once the ERM tensions have gone, Italy and Spain may be able to lower rates, so the high-yielding markets become more attractive," says Mr Andreas Johannsen, portfolio manager at DWS, the investment management arm of Deutsche Bank and Germany's largest fund management group.

Longer-term, investors worry that inflation in the UK could start to pick up again. "The effects of devaluation will come through at some stage," says Mr Johannsen. "Inflation is not a problem now but it will be a problem later this year."

An additional worry is the prospect of heavy supply of gilts in the next year. The Bank of England has said it will hold an auction roughly every month, offering between £2bn and £4bn of stock at each sale. "The amount of issuance that must be placed is quite daunting, especially if there are no further interest rate cuts" says Mr Johannsen.

Given the freedom on movement of capital, foreign investors can pick and choose their financial markets with ease. While the gilt market has held the foreigners' gaze in recent weeks, longer-term it may prove difficult to keep them constant.

Lex, Page 18



Source: Datastream/Bank of England

American Express in Swedish travel deal

By Christopher Brown-Humes in Stockholm and Jeremy Bennelleck-Hart in New York

AMERICAN Express is making its biggest ever purchase within travel-related services through a SKr865m ($115m) deal to buy Nyman & Schultz, the leading Swedish business travel agency.

The US group has agreed to buy 70 per cent of the company from its three largest shareholders while making an offer for the rest of the shares, which are largely owned by management and employees.

It said the move would expand its European travel business as Nyman & Schultz has a strong presence in the Swedish, Norwegian and UK markets.

It would also strengthen its ties with international corporate customers as Nyman has a strong relationship with many leading Swedish multinationals.

Mr Jonathan Linen, president of American Express Travel Related Services, said in New York yesterday that the Swedish company would be a natural fit with the US group. The deal meant American Express was now well placed to take advantage of deregulation in the European airline industry.

He said the group would like to be stronger in Europe and would continue to look for opportunities to expand not only there but in other regions such as Asia and Latin America.

Nyman & Schultz, which will continue to operate as a separate company after the acquisition, achieved a profit after financial items of SKr96m last year on turnover of SKr7.3bn. It has around 200 offices and 1,700 employees.

A sale of the group had been rumoured for some time because of the desire of the company's three main Swedish shareholders to dispose of their stakes.

The biggest shareholder NCC, with a 28.9 per cent stake, had made clear it wanted to concentrate on its core property and construction business. The other big shareholders were Swedcarrier, the rail transport company, with a 22.8 per cent holding and Skandia, the insurance group, with 18.3 per cent.

Ms Maria Lilja, Nyman & Schultz chief executive, said the sale to American Express was an excellent solution, because it would allow the company to internationalise its business while retaining independence, staff and name.

Bid to control Austrian bank blocked by minister of finance

By Ian Rodger in Zurich

THE AUSTRIAN Minister of Finance has rejected a proposal by the Raiffeisen co-operative bank group to acquire a controlling interest in Creditanstalt, the country's second largest commercial bank.

Mr Ferdinand Lacina, the finance minister, said the Raiffeisen bid was badly prepared and that its leaders were unwilling to reveal the sources of their funds. Mr Lacina said he was not willing to play "children's games" with them.

The Austrian government has a 70 per cent voting stake in Creditanstalt.

The bid, launched late last week, has been vigorously opposed by the chairman of Creditanstalt's supervisory board, its executive board and employees' representatives. Mr Guido Schmidt-Chiari, the executive chairman, said the terms of the bid – a reverse takeover financed by roughly Sch5bn ($440m)in debt – would have undermined Creditanstalt's capital base.

He also said that many Creditanstalt commercial customers were upset because co-operatives associated with Raiffeisen were among their main competitors.

The bid was seen in Austrian financial circles as a largely political gesture, an attempt to put together a banking group with close links to the conservative Austrian People's Party that would rival Bank Austria in size. Bank Austria has close ties with the Social Democratic Party.

Yesterday's outburst by Mr Lacina followed a meeting with Mr Schmidt-Chiari and Mr Christian Konrad and Mr Klaus Liebscher, chairman and director general respectively of the Raiffeisen Zentralbank.

The outcome leaves Mr Rudolf Gruber, deputy chairman of the Creditanstalt supervisory board, in an awkward position.

It has emerged that Mr Gruber, who is also chief executive of Energie Versorgung Niederösterreich, an energy utility, was actively involved in preparing the Raiffeisen bid, but did not inform his colleagues at Creditanstalt.

Mr Schmidt-Chiari denied suggestions that Creditanstalt, which has had to make heavy loan loss provisions in the past two years, was looking for a white knight. "We can stay independent," he said, pointing to a 47 per cent rise in operating profits in the first quarter. "The recovery is there."

Greencore shares suspended

By Roland Rudd in London

SHARES in Greencore, the Irish sugar, malting and milling group, were suspended yesterday after it was disclosed that the placing of the Irish government's stake could have breached the company's articles of association.

Davy Stockbrokers, adviser to the Irish government in the sale, announced that 7m of the 25m shares had been placed with institutions in which it had an interest.

Since its parent, the Bank of Ireland, owns 15 per cent of Greencore, Davy was concerned the placing would breach the company's rules restricting holdings to a maximum of 15 per cent. The Irish Stock Exchange reacted by announcing an investigation. It comes less than a week after the Irish government said it had successfully disposed of its remaining 30.4 per cent stake in Greencore.

The group, formed from the privatised Irish sugar company, said Davy could still proceed with the placing if it was given permission to own more than 15 per cent. Mr Gerry Murphy, Greencore's chief executive, said: "The placing does not need to be unwound." He wants the Irish government to agree to waive the 15 per cent rule.

After taking legal advice Mr Murphy said contracts with institutions agreeing to buy shares in the placing were "legally enforceable".

However, last night Davy Stockbrokers was unsure whether the contracts could be enforced even if the company's 15 per cent maximum holding rule was circumvented.

The company is privately furious that the disposal of the Irish government's stake has incurred problems for a second time.

The proposed deal was worth £68m, valuing the shares at 275p each. They were yesterday suspended at 272p. ADM, the US food company, recently withdrew from talks to buy the stake after a number of Irish politicians opposed selling the stake to an overseas company.

Robert Fleming, the company's adviser, had hoped to work on the sale. But the Irish government decided Davy should handle it by itself.

Mr Brian Davy, chairman of Davy Stockbrokers, denied the group was too ambitious in taking on the placing, adding they had been appointed with the full support of Greencore.

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May 1993

Higher prices help Statoil lift profits to NKr1.2bn

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, lifted first-quarter net profit to NKr1.2bn ($179m) from NKr605m last year, helped by higher oil prices, cost reductions and a substantially improved financial result.

The group warned of a "rather lower" second quarter, with uncertainty attached to earnings by petrochemical and refining operations and to oil prices in the short and long terms.

Group revenue rose by NKr1.8bn to NKr20.8bn, as operating profit increased to NKr3.4bn from NKr2.9bn. Statoil said net financial revenue in the first quarter reached NKr653m, compared with net charges of NKr999bn in last year's comparative period.

Mr Morten Woldsdal, a Statoil executive, said the value of the group's bonds and shares rose by NKr100m in the first quarter, while other financial instruments contributed about NKr500m to income.

The group also had NKr1bn in unrealised foreign exchange gains. The price of benchmark Brent crude averaged $18.23 a barrel in the quarter, up from $17.94 last year.

Mr Woldsdal said that, because of harsh weather in January, the company had had to postpone its exploration and North Sea platform maintenance programmes until the second quarter. As a result, associated costs would be charged against second-quarter accounts.

He said the group would not feel the full effect of several large cost-reduction programmes implemented last year until 1995 and 1996, after which costs will have been reduced by an estimated NKr2.6bn.

For Statoil's individual business units, exploration and production lifted operating profit to NKr2.5bn from NK1.9bn, despite a 10 per cent fall in availability of equity crude. Natural gas saw operating profit fall to NKr857m from NKr1bn, which Statoil blamed on a decline in revenue from gas transport operations.

Refining and marketing increased operating profit to NKr229m from NKr213m, reflecting a better performance by the Mongstad refinery, improved results from shipping and gains on stocks of crude and refined products.

Petrochemicals and plastics reduced operating losses to NKr93m from NKr116m, although product prices remained weak.

Gartmore seeks dealing review

By Angus Foster in London

MR PAUL Myners, chairman of UK fund manager Gartmore, yesterday claimed insider dealing is common in the City and called for a "radical review" of the way the stock exchange and other authorities investigate the abuse.

He said investigations into allegations of insider dealing were poorly organised and may lack the right resources.

"The investigators don't go into enough depth and are very easily satisfied by superficial answers. I'm concerned that theft is taking place, and it's doing a great deal of damage to confidence in our financial institutions," he said.

Mr Myners raised his concerns in a letter in today's Financial Times, in which he claims the system for catching insider dealers is not working.

He was responding to a sharp fall last week in the share price of Tiphook, the transport rental group in which Gartmore held 3 per cent, but has now sold out. Tiphook's shares fell from 329p to 293p, or 11 per cent, before the company issued a profits warning last Thursday. The stock exchange is understood to be investigating dealings in the company's shares.

The stock exchange rejected Mr Myners' criticisms and said standards for investigation and detection of market abuse were very high. "There is no doubt detection is extremely good. The problem is the UK's enforcement procedures," according to Mr Mike Feltham, head of surveillance.

Letters, Page 16

Hochtief advances 42% to DM284m

By David Waller in Frankfurt

HOCHTIEF, one of Germany's largest construction companies, demonstrated how the building sector is defying Germany's economic gloom as it announced yesterday that net profits rose 42 per cent to DM284m ($180m) last year.

Mr Hans-Peter Keitel, chief executive, said the downturn in the economy had started to have an effect on business in western Germany. But, he said, this was more than outweighed by the construction boom in the east of the country.

Describing the 1992 result as "exceptionally pleasing," Mr Keitel said that Hochtief could continue to be confident about the future. Earnings for the first four months of the current year were at the same high level as in the same period last year and he expected full-year earnings for 1993 to match the 1992 result.

Orders climbed 7.3 per cent to DM8.6bn last year, a modest change which conceals a 32 per cent increase in domestic orders and a 35 per cent drop in orders outside Germany.

Despite Mr Keitel's optimism about the future, he expressed scepticism about the government's ability to attract investment into eastern Germany.

Hochtief is majority-owned by RWE, the Ruhr-based energy conglomerate, but a minority of its shares is listed.

Philips head denies that sale was to raise cash

By Ronald van de Krol in Eindhoven

MR Jan Timmer, president of Philips, the Dutch electronics group, denied yesterday that the company's decision to end its semiconductor joint venture with Matsushita of Japan was motivated primarily by the need to raise cash in order to reduce debts.

Speaking at the annual meeting, Mr Timmer said the price of Fl 3bn ($1.68bn) was "not unwelcome but it was not our main goal".

He gave no details but said the partnership, which dates back to 1952, had been in need of revision. He also noted that Philips' 35 per cent stake in the joint venture, Matsushita Electronics Corp, had not entitled the Dutch company to management control.

Mr Timmer, denying that the divestment was an abrupt decision, said Philips started considering pulling out of MEC two years ago.

Philips has declined to be drawn on the book profit that it will realise on the sale of its MEC shares to Matsushita, which will now assume 100 per cent control. "This windfall will help put us on the road to recovery, [but] the road to recovery is still long," Mr Timmer said.

He gave no forecast for 1993 results or the likelihood of a resumption of dividend payments, but repeated earlier predictions that the company's single biggest business, consumer electronics, would reach break-even in 1994.

Sparebanken boosts profits

SPAREBANKEN Nor, Norway's biggest savings bank, boosted first-quarter pre-tax profit by NKr380m to NK384m, due to substantial gains on shares and bonds and improvements in ordinary operations, writes Karen Fossli.

It forecast a profit for 1993 and said it may even be in a position to pay a dividend.

Procordia sale may be postponed

By Haig Simonian in Milan

THE PRIVATISATION of Procordia, the Swedish pharmaceuticals and consumer products group, may be delayed until next year, according to Mr Jan Ekberg, managing director.

The sale of the Swedish government's 40 per cent stake, expected later this year, was postponed due to poor market conditions.

Recently, Procordia's position in the privatisation queue has slipped following the government's decision to give priority to the sale of the Celsius defence equipment group later this year. As a result, Procordia's privatisation "will probably be postponed until next year," said Mr Ekberg.

However, the potential delay could help the deal, as it would give Procordia more time to digest Farmitalia Carlo Erba, the Italian pharmaceuticals group being merged with its Kabi Pharmacia subsidiary, he argued.

The joint unit will be the world's 18th-biggest pharmaceuticals company, with sales of about $3.6bn. The two companies will be among the market leaders in a number of niche areas such as clinical nutrition, growth hormones, oncology and cardio-vascular drugs.

The expansion in Procrodia's pharmaceuticals activities should make the group "easier to privatise," said Mr Ekberg. In spite of the recent downturn in investor interest in pharmaceutical stocks, Procordia should be more attractive and command a higher price once FCE has been digested, he claimed.

Procordia agreed to buy 51 per cent of FCE from Italy's Montedison in March. The Swedish company also has an option, almost certain to be exercised, to buy the remaining shares by 1995.

The acquisition will reinforce Kabi Pharmacia's position in the increasingly competitive pharmaceuticals business, particularly at a time of rising pressure on prices. The merger will boost research spending to about $500m, create a much stronger manufacturing base and boost the two companies' marketing presence, said Mr Hakan Astrom, Kabi Pharmacia's chief executive.

However, Procordia is clearly interested in expanding further into pharmaceuticals. Although Mr Ekberg said no big takeovers were being planned, he left open the door to "smaller strategic acquisitions in certain areas".

The group, which will now be among the leaders in Italy, Sweden and Spain, is particularly keen to strengthen its role in the US and Japan, where it is still weak.

While much of its expansion will come from organic growth of existing activities, it is also looking at potential alliances or complementary acquisitions. A first visible step towards integrating its growing international operations will come with the choice of a new name, to replace Kabi Pharmacia Farmitalia Carlo Erba, probably by the autumn.

Bank of Scotland increases provisions

By John Gapper, Banking Correspondent

BANK of Scotland yesterday disclosed an 11 per cent fall in pre-tax profits after a series of mishaps in the second half of the year contributed to a 45 per cent rise in provisions for bad and doubtful debts.

Despite a 24 per cent rise in operating profits to £487.9m for the year to February 28, the bank's pre-tax profits fell to £125.3m ($192.96m) against £140.7m in 1992. The bank had experienced "another very difficult year".

Among problems which led to a provision of £371.1m, against £256.8m, were six individual provisions of more than £5m and losses at its motor finance arm Forthright Finance, which led the bank injecting capital to strengthen a subsidiary.

The bank emphasised it had achieved record operating profits, and reduced its already low ratio of costs-to-income to 51.5 per cent, against 54 per cent. It expected to reduce the ratio below 50 per cent.

Bad debts provisions were higher in the second half at £233.7m compared with £138m in the first. The bank said the increase reflected "the downturn moving north into Scotland, and a further fall in asset values in the south".

The bank's measure of core capital strength – the ratio of tier 1 capital to risk-weighted assets – fell to 5.8 per cent from 6.5 per cent. It said it expected to at least maintain that level of tier 1 capital over the coming year.

Countrywide Banking Corporation, the New Zealand operation of which Bank of Scotland became sole owner last year after increasing its original 40 per cent stake in two stages, recorded a £1.4m loss after high bad debt provisions.

The worst problem was at Bank of Wales, which incurred a £15.3m loss after it found the 19-year-old provisioning formula at Forthright Finance was inadequate. The bank injected £16m of equity and £8m of loan stock into the subsidiary.

There was a 23 per cent increase in operating profits before provisions in clearing bank operations to £331.1m, against £269.2m. However, profit after provisions fell by 23 per cent to £75.2m, against £97.2m.

The bank recommended a final dividend of 2.8p per ordinary share, making a total of 4.57p for the year, an increase of 5.1 per cent on the 4.35p for 1992.

Lex, Page 18; Details, Page 24

IRI holding in SME will be 5% after sell-off

By Haig Simonian

IRI, Italy's biggest state holding company, will lower its stake in SME foods, the retailing and catering subsidiary, to 5 per cent from 62 per cent after the group's food production activities are sold in the coming weeks.

IRI is in the closing stages of disposing of SME's Italgel (frozen foods) and Cirio, Bertolli, De Rica (canned foods and edible oils) activities. Buyers for the two operations may be revealed within the next month.

The government's privatisation plans also envisage a sharp and speedy reduction in IRI's share in SME's remaining food retailing and catering operations.

Retailing, conducted by the GS supermarkets chain, accounted for L2,509bn ($1.71bn) of SME's L5,814bn group sales in 1991, while the Autogrill catering unit had sales of L1,011bn.

In a two-stage transaction, IRI plans to sell 32 per cent of its 62 per cent stake in the retailing and catering operations to a "hard core" of shareholders, which will have around 5 per cent each.

In line with Italy's new takeover code, the "hard core" will then be obliged to launch a public tender offer for a further 32 per cent.

IRI will then be able to offer its remaining shares to the "hard core" under the offer. Any shares left in its hands above the 5 per cent level will be placed on the market, after giving SME's workforce special pre-election rights.

The deal could be followed by a further sale of SME stock from the "hard core". Under the government's complex SME privatisation rules, the "hard core", including IRI, will not be allowed to pool more than 50 per cent of its stock in a shareholders' pact.

As the combined holding of the "hard core" and IRI will amount to 69 per cent of the capital, it is possible the additional shares will also be sold.

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1992 Results

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Sound, Steady Activity
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Consolidated data at December 31, 1992

Net income
USD 950 million

Capital and quasi-capital
USD 18.3 billion

Total assets
USD 300 billion

controlled overheads helped Crédit Agricole to achieve a 6 % rise in net income to USD 950 million.

Expansion of Capital Base
With USD 18.3 billion in capital, Crédit Agricole ranks among the world's foremost banks. Customers enjoy a high level of security

Solid, Steady Performance
A solid business mix,resulting from long-term strategic planning, and tightly backed by Crédit Agricole's consistently strong credit rating, and growth potential based on a Cooke ratio in excess of 9 %.

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April 1993

U.S. $256,000,000

The Republic of Argentina

U.S. $150,000,000
Euronotes due 1994

and

U.S. $106,000,000
Euronotes due 1995

The undersigned initiated and arranged this transaction and acted as sole placement agents.

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INTERNATIONAL COMPANIES AND FINANCE

Chase Manhattan to spin off HK credit-card unit

By Our New York Staff

CHASE Manhattan, the big New York bank engaged in a wide-ranging restructuring programme, is to spin off its Hong Kong credit-card operation.

Mr James Brew, senior vice-president of Chase Manhattan Bank, said yesterday that an application had been filed with the Hong Kong Stock Exchange. He did not say how much would be raised through an initial public offering.

The money raised would be used, he said, to feed the bank's expanding Visa Cards and Mastercards operation, which has grown by more than 30 per cent annually for the past two years.

Chase had more than 300,000 cards in use in Hong Kong in December, Mr Brew said. This accounted for 14 per cent of the local market share. In terms of accounts receivable, the bank had an 18 per cent share.

In an attempt to step up the expansion of its credit-card operations, he said the bank was in talks with potential partners which might take a stake in the division in a pre-listing placement.

The bank is also arranging a $220m syndication loan, which will be used as funding for the card operation as a result of a separation of assets and liabilities with the bank after the listing.

The flotation will be jointly sponsored by Chase Manhattan Asia, its merchant banking arm, and S.G. Warburg (Securities). Peregrine Brokerage will act an an underwriter.

For 1992, the Hong Kong operation reported a rise of more than 33 per cent in profits in excess of HK$100m (US$12.9m) on turnover of HK$450m. Last month Chase group as a whole reported higher first-quarter earnings and announced plans to raise $750m of new equity capital while also writing off $1bn of commercial property loans.

Vontobel family transfers shares

By Ian Rodger in Zurich

THE VONTOBEL family of Zurich, which controls the eponymous private banking group, is transferring a large block of its shares to a new foundation as part of a plan to ensure an independent future for the bank.

Speculation about the future of the banking group, which was floated on the Zurich bourse in 1986, has been rising because Mr Hans-Dieter Vontobel, the 49-year-old chairman, has no children.

Mr Vontobel said yesterday the family was open to any formula that would maintain its independence, including strategic partnerships, wide public shareholding or a merger with another bank of roughly similar size. The only option he excluded was the group being taken over by a large universal bank.

Mr Hans Vontobel, the 77-year-old former chairman who holds a 71 per cent stake, will sell a 30 per cent block to Mr Hans-Dieter Vontobel, his son, and will give a 19 per cent stake to a new Vontobel Foundation.

A majority of the foundation's directors would come from outside the family and it would be free to vote and dispose of its Vontobel shares as it saw fit.

Mr Hans-Dieter Vontobel anticipated he and other family members would gradually pass on their shares to the foundation unless or until some other plan for the bank's control was agreed. He said there was no pressure to find a quick solution; the bank's financial position was strong and he was in no hurry to retire.

The Vontobel directors yesterday proposed a 25 per cent rise in the dividend for 1992 to SFr135 per bearer share. They also proposed to split both the registered and bearer shares on the basis of 10 for one.

Imasco sees growth in earnings

By Robert Gibbens in Montreal

IMASCO, the Canadian financial services, tobacco, fast-food and retailing group, expects "reasonably good growth" in earnings for 1993 in spite of a slow first half, said Mr Purdy Crawford, chairman.

The second quarter would be tough, he added, but the second half of 1993 would be healthier.

The company's performance would be affected by loan provisions made by Canada Trust, the financial services arm, which along with Imperial Tobacco were Imasco's biggest subsidiaries. The group is 40 per cent held by BAT Industries of the UK.

Imasco's first-quarter profit was up 5 per cent, but CT's contribution was reduced by the provisions.

"CT is highly conservative in its provisions and has retained its top credit rating right through the recession," Mr Crawford added. He said that the retailing side had been under pressure but should improve in the second half. In addition, the improvement at Hardee's, the US fast-food chain, was continuing.

Imasco's share of the Canadian legal cigarette market was 67 per cent and it was resuming normal exports after complying with a federal request for restraint in 1992.

Mr Crawford said that increased smuggling in tobacco products was due to high Canadian taxes. The restraint reduced Imasco's exports but failed to affect contraband traffic because smugglers found cigarettes from other sources.

Imasco has made a deal for Philip Morris to market Canadian-made cigarettes in the US.

Sun attacks Microsoft dominance in software

By Louise Kehoe in San Francisco

A COMPUTER software battle has erupted between Sun Microsystems, the leading manufacturer of computer workstations, and Microsoft, the world's largest computer software company.

Sun has challenged Microsoft's dominant position in the software market by announcing the joint development with Unix Systems Laboratories of technology allowing Unix computers to run word processing, spreadsheet and database applications designed for use on personal computers running Microsoft's Windows operating system.

Sun said its new technology, known as Wabi and based on work by Praxsys Technologies, would enable Unix system users to run Microsoft Windows applications "right out of the box".

Until now this could be done only by using a software "emulator" that acted like a personal computer, degrading the performance of a Unix computer.

Sun claimed that, through Wabi, the performance of Unix computers running Windows applications would be about 50 per cent higher than other computers using the Microsoft's Windows operating system.

Sun's move is a pre-emptive attack on Microsoft's imminent high-performance version of Windows, known as Windows NT.

Microsoft has announced it would also offer programmes enabling Windows applications to run on Unix computers and Apple's Macintosh machines.

Microsoft questioned Sun's performance claims for Wabi. Mr Bill Gates, chairman and chief executive, also said Microsoft would check Wabi for any infringement of intellectual property rights.

However, Sun argued that Wabi technology, which would be available to software developers in about 90 days, contained no Microsoft technology.

Speculators warm to SE Banken

Hugh Carnegy reports on the rush to buy shares in the Swedish bank

IT reported a hefty quarterly loss, its loan losses remain large and brokers, analysts and even the bank's chief executive have been counselling caution all week.

But still the rush to buy stock in Scandinaviska Enskilda Banken continued yesterday, pushing the price of its most-traded A shares up to SKr28, more than 3.5 times its value 10 days ago.

After first-quarter results from Sweden's four principal commercial banks all showed a marked improvement over the tide of red ink last year, many investors decided the corner had been turned in the country's painful banking crisis.

Few who study the sector closely are prepared to state outright that is the case. Nor is it yet clear what level of state support SE Banken, the biggest of the four, has requested from the government to help it recapitalise.

A large element in the rise in SE Banken shares has been a gambler's attraction to their hitherto rock-bottom price and the lack of an alternative.

Gotabank and Nordbanken are in government hands and unquoted.

Shares in Svenska Handelsbanken, the least hard hit by a slew of loan losses deriving mostly from the crippled commercial property sector, have long since recovered from their lows to about SKr90.

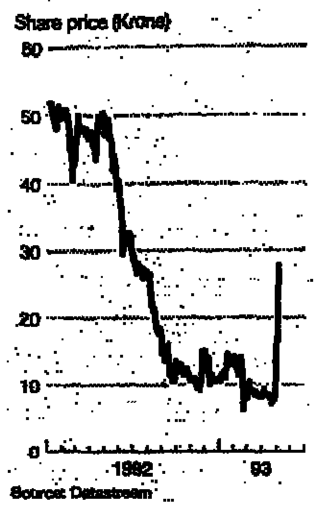
So those who wanted to be in for the anticipated recovery have jumped into SE Banken this week – forcing the bank to bring forward publication of its quarterly report by a week.

How strong is the evidence of a turnround? A feature of the quarterly results has been a clear improvement in the banks' underlying earnings.

Handelsbanken, which will report its full quarterly figures next week, has reported preliminary results showing an overall profit of more than SKr350m ($48m) in the first three months and a 30 per cent rise in profits before loan losses to SKr2.2bn.

SE Banken's operating profit before loan losses was up no less than 60 per cent to SKr2.3bn. In spite of its large burden of non-performing loans, net interest earnings were up 14 per cent at SKr2.16bn. The improvement helped it cut its overall operating loss by 55 per cent to SKr608m.

SE Banken



Source: Datastream

Nevertheless, Mr Björn Svedberg, SE Banken's chief executive, was sufficiently alarmed by the speculative boom in his bank's shares to warn investors not to read too much into the results.

"Great uncertainty" still surrounded the full-year picture, he said.

Although SE Banken's SKr24.6bn portfolio of non-performing loans was down from the year-end figure of almost SKr29bn, the levels of negotiated interest deferments and non-paid interest on non-performing loans was well ahead of the same period last year.

The banking sector as a whole is still expected to show a loss for the full year, albeit not as bad as in 1992.

As Mr Svedberg pointed out, what the banks needed above all for a sustained recovery was an upturn in the Swedish economy, which was still locked in recession and expected to post a third consecutive year of negative gross national product.

The banks are benefitting from a fall in Swedish interest rates, with the key marginal rate down to 9.25 per cent from the double figures of last year.

Some analysts remain worried that rising unemployment and falling property values could yet trigger another round of losses for the banks, this time in the household sector.

So, although there is clearly some improvement, the Swedish banks are still far from a full recovery – and the government cannot yet draw a line under the SKr67.5bn it has already provided them in state support.

Vard package may save US arm

By Karen Fossli in Oslo

VARD, the Norwegian cruise and ferry group, yesterday unveiled a debt restructuring package which should secure the survival of its troubled Miami-based Kloster Cruise unit.

The package aims to reduce the heavy financial pressure which has been weighing on Kloster for more than a year, by extending its debt maturity profile to about six years from three years.

It will also allow Kloster to re-focus on improving earnings from cruise operations.

Kloster agreed the deal with a group of qualified institutional investors who are to take up $300m of senior, secured 10-year notes with a 13 per cent coupon.

The notes were secured against mortgages on two of the company's 12-strong cruise ship fleet.

Vard's shares closed NKr2 down at NKr25.50 on the Oslo bourse yesterday on news of the highly-priced debt.

The company has an option to redeem the notes in whole or in part, on or at the beginning of the sixth year at redemption rates starting at 105 per cent and declining thereafter.

The issue, which closes on May 12, was sold by Salomon Brothers and the First Boston Corporation to the limited number of investors, who were warned that Kloster was likely to suffer a loss for 1993.

The unit lost $12.6m in the first quarter, against a loss of $2.7m last year. With the group's Scandi and Larvik ferry lines suffering losses, the Vard group plunged to a loss of $18.7m in the first quarter of this year.

Vard said yesterday the note and new agreements establishing long-term credit to replace existing short-term facilities would enable the company to meet debt servicing requirements of $230m in 1993.

Total interest-bearing debt is estimated at $1bn, while annual interest payments are set to rise by an estimated $10m to $80m.

Another part of the package calls for conversion of the company's French franc debt into dollar debt.

Vard said talks were continuing with a group of investors led by a Vard board member, on the disposal of the ferry operations. The company hoped to conclude the talks by the end of the month.

General Re falls in first quarter

By Nikki Tait in New York

GENERAL RE, the largest US reinsurer, recorded after-tax profits of $160.6m in the first quarter to end-March, sharply down on the $207.8m in the same period of 1992.

Realised investment gains were significantly higher this time, at $53.8m, compared with $38.1m. However, the 1992 figure was lifted by a $61m surplus, which represented the cumulative effect of accounting rule changes.

General Re said the underwriting loss stood at $38.9m, against $38.5m a year earlier. After-tax income without realised gains stood at $124.7m, up from $116.5m a year earlier. Written premium growth stood at 4.7 per cent in the first quarter, but the company said the full year would surpass this.

Pargesa
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GENEVA

Notice is hereby given that an
ANNUAL GENERAL MEETING OF SHAREHOLDERS
will be held on Friday, May 28, 1993, at 11.30 a.m.,
at the registered office of
BANQUE PARIBAS (SUISSE) S.A.
2, place de Hollande, CH-1204 Geneva

TO CONSIDER AND TO VOTE ON THE FOLLOWING MATTERS

1. **Annual report, consolidated accounts, and statutory accounts for the year ended December 31, 1992, and the report of the Auditors**
The Board of Directors proposes that the annual report, the consolidated accounts and the statutory accounts for the year ended December 31, 1992, be adopted.

2. **Appropriation of profits**
The Board of Directors proposes to pay a dividend of SFR 100 855 797, out of available profits of SFR 213 252 155, which comprise a net profit for 1992 of SFR 108 885 493 and a balance carried forward from 1991 of SFR 104 366 662. After an allocation of SFR 5 450 000 to the statutory reserves, SFR 106 946 358 will be carried forward.

3. **Release of the Directors**
The Board of Directors proposes that a release be issued to the Directors.

4. **Elections**
4.1 **Board of Directors**
The Board of Directors proposes that
a) Messrs. Michel Albert, Paul Desmarais Sr., Albert Frère, Luzius Gloor, André de Pfyffer and Pierre Scohier be re-elected for a three-year period;
b) Messrs. Fahad Al-Rajaan, Jean-Claude Delorme and Robert Sillcox be elected for a three-year period.
4.2 **Auditors**
The Board of Directors proposes that ATAG Ernst & Young S.A. be re-appointed for a one-year period as the Auditors of the statutory and the consolidated accounts.

5. **Other business**

The annual report, the statutory accounts and the consolidated accounts together with the report of the Auditors will be available for review as of May 7, 1993, at the Company's registered office in Geneva. A copy of these documents will be sent to Shareholders on request.

Holders of registered shares recorded in the share register are hereby advised that they will receive an invitation to the Annual General Meeting. Only holders of registered shares recorded in the share register as of May 18, 1993, will be entitled to vote at the Annual General Meeting.

Holders of bearer shares may obtain an admission card from May 17 to noon on May 26, 1993, at the offices of Banque Paribas (Suisse) S.A., Union Bank of Switzerland or Crédit Suisse, against deposit of their shares or of a document certifying their deposit at another bank. Deposited shares will be blocked until the close of the Annual General Meeting.

Pursuant to Article 18, para. 3, of the Company's Articles of Incorporation, each shareholder is entitled to be represented by a holder of the same category of share. In addition, each shareholder is authorised, under Swiss law, to be represented by Pargesa's officers or by a bank as depositary agent, or by M[e] Jean-Paul Aeschimann, Attorney-at-Law, 25, Grand-Rue, CH-1211 Geneva 11, as independent agent. Unless proxies include explicit instructions upon remittance, voting rights will be exercised following the Board's recommendations.

Depositary agents, as defined in Article 689d of the Swiss Code of Obligations are requested to declare at their earliest convenience, but at the latest by noon on May 20, 1993, the number, the category and par value of the shares they represent to Banque Paribas (Suisse) S.A., together with the reference numbers of the admission cards. Institutions subject to the Swiss Federal Act on Banks and Savings Banks of November 8, 1934, and professional fund managers may be considered as depositary agents.

Geneva, May 5, 1993

For the Board of Directors
P. Desmarais Sr.
Chairman

NOTICE OF PARTIAL REDEMPTION
TO HOLDERS OF
DOMUS MORTGAGE FINANCE NO.1
PLC £100,000,000
MORTGAGE BACKED FLOATING
RATE NOTES DUE 2014

Notice is hereby given that in accordance with Conditions 5(b) and 18 of the Notes, the Issuer hereby gives notice to redeem £1,600,000.00 principal amount of Notes, selected randomly as detailed below. The date set for the mandatory redemption is the next coupon payment date being, 8 June 1993, and the Notes will be redeemed at their principal amount plus accrued interest. Payment will be made against surrender of the Notes, together with all appurtenant Coupons maturing after the date set for redemption at the offices of the Paying Agents, named on the Notes. On and after 8 June 1993, the redeemed Notes will cease to accrue interest.

The amount of any missing unmatured Coupons will be deducted from the sum due for payment. Any amount of principal so deducted will be paid against surrender of the relative missing Coupons within five years from the date of payment. The redeemed Notes will become void unless presented for payment within ten years of the redemption date.

The nominal amount that will be outstanding after the Notes listed below have been redeemed is £38,300,000.00

The Serial Numbers drawn for mandatory redemption are as follows:

140	165	211	286	317	355	458	493
521	588	623	627	711	779	802	871

CHEMICAL
Principal Paying Agent Dated 7th May 1993

The Footsie Index.

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Notice is hereby given in accordance with Condition 5(b) of the Terms and Conditions of the Notes, that all outstanding Notes will be redeemed at their principal amount on June 28, 1993 when interest on the Notes will cease to accrue. Payment of Principal together with payment of interest in respect of Coupon No. 4 will be made in accordance with the Terms and Conditions of the Notes, at the offices of any of the Paying Agents who continue to be listed in the Terms and Conditions of the Notes.

By: The Chase Manhattan Bank, N.A.
London, Fiscal and Principal Paying Agent
CHASE
May 7, 1993

NORDIC BANKING
INVESTMENT & FINANCE

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Data source:* Chief Executives in Europe 1990

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GREEK EXPORTS S.A.
CORRECTION TO ANNOUNCEMENT
REGARDING PUBLIC TENDERS FOR THE
HIGHEST BID FOR THE FORMER COMPANIES
OF THE PIRAIKI-PATRAIKI GROUP

In the announcement published on 4th and 5th May in the Financial Times concerning a public tender for the sale of the assets, as a whole, of the company under liquidation named PIRAIKI-PATRAIKI SAMOS SPINNING MILL S.A., registered in Samos, the area of the plot of land in the Varella area of the Community of Vathea was erroneously indicated as being of 184,474 m². The correct area is 118,474 m².

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Nedcor reports 22% advance to R234m for half

By Philip Gawith in Johannesburg

NEDCOR, South Africa's fourth-largest bank, yesterday reported a 22 per cent increase in net income to R234m ($74m) for the six months to March 1993. The interim dividend is to be increased.

The result was achieved despite heavier provisions. Mr Chris Liebenberg, chief executive, said the bank has reacted to the volatile operating environment by making generous risk provisions and by not taking the full benefit of various deferred tax benefits. This was a time to be conservative, he said

The weak state of the South African economy was reflected in an 8 per cent decline in interest income to R3.1bn, a function of lower-than-expected volumes and declining interest rates. Net interest income rose 11 per cent to R881m. Other income improved by 22 per cent to R574m.

Specific and general risk provisions rose by 33 per cent to R120m (R90m). Mr Liebenberg conceded that, if current trends continued, the bank would have over-provided for the loan book of the Perm, the group's home loan arm, and some provisions would be returned to capital.

He presented figures to show that concern about the Perm's exposure to lending in segregated black townships – described as a very difficult market – were misplaced. Perm advances represented 22 per cent of group assets, while and township advances were 5 per cent of the total. He said only 0.15 per cent of group assets were in arrears.

The increase in provisions was partly offset by a modest 2 per cent increase in the tax bill to R167m.

Shareholders who prefer can elect to receive a cash dividend of 25 cents per share, a 19 per cent increase over 1992.

Ford Australia heads back to the black

By Bruce Jacques in Sydney

FORD Motor Company of Australia has reduced substantially its losses for 1992 after returning to the black in the second half of the year.

The company yesterday declared a A$38.3m (US$27.2m) net loss for last year, against a A$113.8m loss in 1991 – the third consecutive loss for Ford, one of four local carmakers.

Mr John Ogden, president, said yesterday sales rose 8 per cent to A$2.5bn last year and that the company had traded at a profit for the first quarter of 1993 after leaving the red in the half to December 1992.

Mr Ogden said this was achieved despite market weakness in Australia as well as in the US, Ford Australia's main export market.

He said Ford had lifted its total Australian market share from 18.9 per cent to 19.7 per cent in the first quarter of 1993 and expected industry sales to increase by about 2 per cent this year.

● Pacific BBA, the Australian plastics and car parts maker formerly controlled by BBA Group of the UK, plans to acquire Webforge (Singapore) from Prudential Asia for about $44m.

Webforge is Australia's dominant maker of steel gratings with annual sales of about $A40m. The company also has operations in Singapore, New Zealand and China.

Pacific BBA said the acquisition would provide the nucleus of a new building and construction division which would complement the company's automotive components and industrial plastics operations.

US stores see slight recovery in April sales

By Nikki Tait in New York

LEADING US store chains reported only a very modest recovery in sales last month, despite better shopping conditions during April.

For many of the largest retailers, same-store sales gains in April were in the low single digits – although most acknowledged this was an advance on the March results, when severe winter storms hit much of the country.

Nevertheless, the results were quickly seen as reinforcing the notion that economic recovery was slow and patchy in the US.

Among the big discount chains, for example, K mart reported a 2.8 per cent same-store sales advance in its general merchandise division and a 3.4 per cent decline for the specialty chains.

The company said the lift in sales, over the March figures, was "most pronounced in hardline merchandise categories", although it noted clothing sales had been dampened by the cool weather.

Wal-Mart Stores, the nation's top-selling retailer, reported 6 per cent growth in like-for-like sales.

At Sears, Roebuck, sales on a like-for-like basis rose by 5 per cent, with the strongest improvements coming in clothing, footwear, fine jewellery, home office equipment and some garden items.

But Woolworth saw a 2.3 per cent fall in same-store sales, causing Mr Harold Sells, chairman, to blame "weak economic conditions and low consumer confidence".

The picture among department stores was similar. May Department Stores reported a 2.3 per cent advance in same-store sales last month, while Federated – which takes Abraham & Straus and Bloomingdale's – managed a 2.2 per cent advance.

Among the more specialised retailers, The Gap – the once high-flying fashion chain – reported only a 2 per cent advance in same-store sales, while The Limited said like-for-like sales were flat.

Some long faces at shortening of US debt mix

Success depends on short-term interest rates staying low, writes Patrick Harverson

ON WEDNESDAY, Mr Lloyd Bentsen, the US treasury secretary, described his decision to cut federal interest costs by shortening the maturity on government securities as a "carefully crafted, moderate move".

That "moderate move" consisted of halving the issuance of 30-year government securities (through reducing the frequency of bond sales from one every three months to one every six months), eliminating the seven-year note altogether, and increasing the sale of securities with a maturity of three years or less to make up the difference.

Although the bond market has taken the changes in its stride, the reaction from some parts of Wall Street has been anything but moderate. Mr Michael Basham, a former top Treasury official who now works for the securities firm Smith Barney Shearson, described them as "monumental" and said the government could not guarantee the new policy would save money.

Mr Robert Brusca, chief economist with Nikko Securities, says the changes are poorly-timed, and Mr Louis Crandall, chief economist at RH Wrightson, called the idea of shortening the maturity on government debt now as a "very bad one".

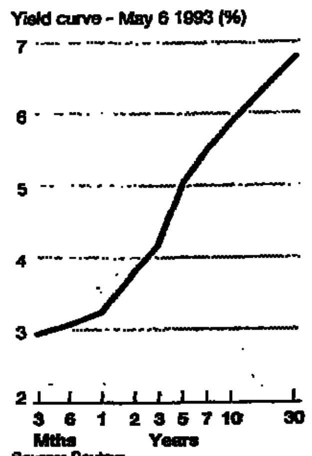
The Treasury is also likely to have incurred the wrath of the borrowing committee of the Public Securities Association, which earlier this year advised the government against making changes to the structure of the debt. The committee felt the current debt mix was "broadly appropriate".

The Treasury has gone ahead with its reforms in spite of the committee's reservations because it was determined to find a way to cut the cost of financing the huge federal budget deficit. Over the years, various governments have considered saving money by shortening the maturity on debt. But the arrival of a new team at the Treasury after the Democrats' victory in last year's presidential election increased the likelihood that talk would turn into action.

The government, however, did not commit itself to making any changes until February, when President Clinton announced in his first budget plans to save about $16bn over the next five years through alterations to the Treasury's debt mix. Once the president had promised these savings, it then became a question of how far the Treasury would go in changing the mix. In particular, would the 30-year long bond be phased out completely?

US Treasury

Yield curve - May 6 1993 (%)



Source: Reuters

In the end, a compromise was struck between the politicians, who wanted to aim for really big savings by eliminating the long bond altogether, and the more cautious Treasury staffers, who were worried what effect that might have on the bond market.

Although the Treasury has decided to stick with the long bond, there are those on Wall Street who believe it is playing a dangerous game by altering the debt maturities. As Mr Brusca of Nikko says: "They claim they're doing it to save money ... yet it will take us 30 years to find out if the three-month interest rate then is the same as the the 30-year rate we can lock in now."

The Treasury is at least guaranteed some immediate savings. It pays out lower interest rates on shorter-dated securities than on longer-dated securities so, by selling more of the former and less of the latter, it will save some money over the next few years.

Yet, over the longer term, expecting further savings assumes that short-term interest rates do not rise, or do not rise too far. This is an assumption that many economists believe is dangerous, and one that the government should not be making.

Mr Jim Fralick of Morgan Stanley says: "I'm worried about the interest rate risk and, if interest rates back up again, it will cost the government, and the taxpayer, money in the long run."

Wall Street also has reservations about the timing of the Treasury's move. Economists argue that, with long-term interest rates at their lowest levels in more than three decades, the government should be locking in these extremely low rates now by selling more, not less, long bonds.

Moreover, critics worry that the size of the federal deficit means it is folly for the Treasury to be reducing the number of financing vehicles available to the government. In particular, if President Clinton does not get his way with Congress over his deficit-reduction measures, "we could be looking at much bigger deficits and less ammunition in our holster to finance them", says Mr Brusca.

Although the Treasury insists that it is changing the debt mix only to save the government money, it is clear that a secondary aim is to bring down long-term interest rates. By reducing the number of long bonds in circulation, the Treasury hopes long-term interest rates will fall, making it cheaper for US companies to raise long-term investment capital.

But Wall Street is not sure that cutting long-bond issuance will do the trick alone. Economists warn that, without a credible deficit-reduction package, long-term rates may not come down very far, or fast. As Mr Brusca says: "If you want interest rates to be lower, let's have a responsible fiscal policy."

Hutchison raises HK$4.5bn

By Simon Holberton in Hong Kong

HUTCHISON Whampoa, the Hong Kong conglomerate controlled by Mr Li Ka-shing, yesterday said it had raised HK$4.5bn (US$582m) through a placement of 250m shares at HK$18.3 each.

The company said the funds would be used to finance its expansion in China and its telecommunications business in Britain. The placement was effected at a 5 per cent discount to yesterday's closing price of HK$19.3.

Mr Simon Murray, Hutchison's group managing director, said that on the mainland the company had investments in port development in Shanghai, Shenzhen and Zhuhai, as well as power station construction.

Simon Murray: investments in mainland port development

He said the funds would also be used in the UK where its 65 per cent owned telecommunications subsidiary has a large capital expenditure programme. Analysts estimate that Hutchison needs to spend more than £300m over the next two years.

The Hong Kong business community has been expecting Hutchison to come to the market for funds for some time. Cheung Kong, Mr Li's flagship in Hong Kong, took 100m shares of the placement to maintain his 40 per cent interest in the company; the remaining 150m shares were placed with investors.

The capital raising should help Hutchison's balance sheet. According to Crosby Securities, Hutchison's net debt rose to HK$13.1bn in 1992 from HK$5.3bn in 1990.

Volvo's short-term debt downgraded

By Christopher Brown-Humes in Stockholm

VOLVO, the Swedish motor vehicle group, suffered a further blow to its prestige yesterday when Standard & Poor's, the US credit rating agency, cut the company's short-term debt rating from A-1 to A-2.

The move had been signalled in March when the rating was placed under review for possible downgrade, following the publication of the group's 1992 result. This showed a SKr4.75bn ($650m) loss after financial items, compared with a SKr1.5bn profit in 1991, and an increased operating loss of SKr2.25bn.

S&P said it was downgrading the group because of Volvo's continuing poor operating performance and the weakening of its balance sheet after net debt rose last year to SKr13bn from SKr7bn. "Given the generally difficult trading environment for the automotive industry, debt reduction is expected to be constrained over the near term," it added.

The rating agency also pointed to a number of positive factors, including the company's cost-cutting campaign, and the expected recovery in its two principal European markets, the UK and Sweden, in the next two to three years.

INCENTIVE

ANNOUNCEMENT TO SHAREHOLDERS

Incentive AB's Annual General Meeting will be held on Monday, May 24, 1993, at 4.30 p.m. at China Teatern, Berzelii Park, in Stockholm.

In order to participate in the Meeting, shareholders must be recorded in the share-register maintained by Värdepapperscentralen VPC AB (the Swedish Securities Register Center) not later than May 14, 1993, and must also notify the Company in writing, addressed to, Incentive AB, Box 7373, S-103 91 Stockholm, Sweden, or by telephone +46 8 670 25 35 or telefax +46 8 611 57 31 not later than midday, Wednesday, May 19, 1993.

Shareholders whose shares are held in the name of a trustee must temporarily register the shares in their own name in the share register maintained by VPC in order to be entitled to vote at the Meeting. Such registration must be made not later than May 14, 1993. Shareholders are urged to request such temporary registration via their trustees.

By order of The Board

BLACK & VEATCH
PROGRESS BY DESIGN

$120,000,000
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Agented by:
Harris Trust and Savings Bank

Co-Agent:
Commerce Bank of Kansas City, N.A.

Funds Provided by:
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Commerce Bank of Kansas City, N.A.
Boatmen's First National Bank of Kansas City
NBD Bank, N.A.
Bank IV Kansas, N.A.
Credit Lyonnais
The Hong Kong and Shanghai Banking Corporation Limited
Mercantile Bank of Kansas City
First National Bank and Trust Company
Asheboro, North Carolina

HARRIS BANK.

February 1993

ANNOUNCEMENT

REPUBLIC OF TURKEY PRIME MINISTRY
PUBLIC PARTICIPATION ADMINISTRATION

The Republic of Turkey, Prime Ministry Public Participation Administration (PPA) offers for sale the shares of the following company:

Company Name (Industry)	Share Capital of the Company (TL)	Percentage of Shares Subject For Sale	Nominal Value of Shares (TL)
TELETAŞ Telekomünikasyon Endüstri Ticaret A.Ş. (Telecommunication)	200,000,000,000	18.00 %	36,000,000,000 (*)

Minimum offer value: The minimum offer value is US Dollars 17,100,000. In addition, the share for PPA in the capital increase of Teletaş, realized in September 1992, amounting to TL 18,000,000,000 (eighteenbillion Turkish Liras) and plus interest which will be computed by using the rate of The Central Bank of Turkey's, rediscount rates of promissory notes prevailing as of the payment date of the buyers will be committed to be paid by the buyer on a cash basis. The tender offers which do not meet the above conditions and criteria will be disregarded.

1. Information memorandum relating to the sale of the above company can be obtained from the Public Participation Administration for a fee of TL 500,000 (Fivehundred thousand Turkish Liras).
2. The sale of the shares of the stated company will be realized by obtaining the bids and performing negotiations with the tenderers. It is required that the investors should submit their tender offers with the condition that the proposed tender amount should not be below the minimum offer value as stated above. Such value indicates the minimum value in order to participate in the negotiations and only those tenderers whose offers are equal to or exceed the minimum offer value will be invited for negotiations.
3. The currency of the sale of the entire shares will be denominated in US Dollars.
4. In the event of the tender offer is made on installment basis sales, the maturity period can not exceed 2 (two) years.
5. Tender offers submitted in terms of installment basis will be discounted by using the rate of LIBOR + 2, based on the compound interest principles as of the tender date (May 24, 1993). Such amount computed on this basis can not be less than the above stated minimum offer value. Installment payments should be made by using The Central Bank of Turkey's foreign exchange selling rate prevailing as of the payment date.
6. The tender offer and an irrevocable unconditional temporary bank letter of guarantee denominated in US Dollars payable on first demand with a maturity period of 6 (six) months or foreign currency amounting to at least 6 % of the minimum offer value as stated above must be submitted to PPA (Hüseyin Rahmi Gürpınar Sokak, No: 2 Çankaya, 06680 ANKARA-TURKEY) no later than May 24, 1993 Monday, by 6.00 PM Turkish mean time.
7. The following documents must be attached to the tender offer in the event,
a) the bidder is a real person, the certificate of specimen signature,
b) the bidding is made by a proxy, the power of attorney particularly authorizing to bid in this tender on behalf of the bidder together with this certificate of specimen signature of the attorney,
c) the bidder is a legal person, a certificate of power proving that the persons acting on behalf of the legal person have the authority to represent and obligate the legal person together with specimen signature.
8. The tender offer, together with the receipt given when the bid bond has been submitted to PPA, shall be made in a sealed envelope on which the name of the company and the indication of "CONFIDENTIAL" should be indicated and submitted to the below stated address.
9. Subsequent to the termination of the sale negotiations with the eligible bidders; a letter of intent encompassing the terms of price and payments as well as a permanent bank letter of guarantee amounting at least 6 % of the final agreed value will be requested from the bidder who meets the PPA's selection criteria. The unconditional temporary bank letter of guarantee will be cashed and recorded as income in the event that the letter of intent is not given or the letter of intent is given however the permanent bank letter of guarantee is not given and/or the agreement is not signed by the eligible bidder within the period as agreed upon between the parties.
10. Other significant matters relating to the sale of the above Company will be notified to the investors during negotiations.
11. The Republic of Turkey, Prime Ministry Public Participation Administration is not subject to the State Tender Law No: 2886 and reserves the right to decide whether or not to sell the shares and to extend the deadline of the tender, if deems necessary.

(*): The shares of the above stated company which is offered for sale by PPA, are (B) group type of shares and issued to the holder, whereas (C) group type of shares are issued to the bearer and traded in Istanbul Stock Exchange Market (IMKB).

K O İ
REPUBLIC OF TURKEY
PRIME MINISTRY
PUBLIC PARTICIPATION
ADMINISTRATION

Hüseyin Rahmi Gürpınar Sok. No: 2, Çankaya 06680, ANKARA/TURKEY Tel: (90-4) 439 99 16 - (90-4) 441 15 00 Fax: (90-4) 439 84 77

U.S. $250,000,000

CL

Crédit Lyonnais

Subordinated Floating Rate Notes Due August 1997

Interest Rate	5% per annum
Interest Period	7th May 1993 9th August 1993
Interest Amount per U.S. $10,000 Note due 9th August 1993	U.S. $130.56

Credit Suisse First Boston Limited
Agent

MID GLAMORGAN

The FT proposes to publish this Survey on

JUNE 4TH 1993.

It will be pubished from our print centres in Tokyo, New York, Frankfurt, Roubaix and London. It will be seen by senior businessmen and government officials in 160 countries world-wide.

It will also be of particular interest to the 130,000 Directors and Managers in the U.K. who read the weekday FT.*

If you wish to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with MID GLAMORGAN and wish to receive a copy of the editorial synopsis and advertising rates, call Clive Radford on 0272 292565 or Fax 0272 225974

FINANCIAL TIMES
Merchants House, Wapping Road
Bristol BS1 4RU

* Data Source - BMRC Businessman Survey 1990

FT SURVEYS

COMPAGNIE DE SAINT GOBAIN

Public Company with a capital of F 6.789.842.500,-
Registered Office : "Les Miroirs" 18, Avenue d'Alsace - 92400 COURBEVOIE
R C S : NANTERRE B 542 039 532

PARTICIPATING STOCK APRIL 1984 OF ECU 1.000 EACH

As the general Meeting provided on April 28 1993 for the participating stock owners of ECU 1,000 issued in APRIL 1984 by SAINT GOBAIN, could not deliberate, missing the quorum, the participating stock owners are again convened by the board of directors in general Meeting as of May 14, 1993, at 11.15, at the registered office in COURBEVOIE (92400) "Les Miroirs" 18, Avenue d'Alsace. This meeting will enact on the following agenda
- Board of directors' report on the company's operations for financial year 1992.
- Auditor report on financial year 1992 accounts and éléments for fixing the participating stock yield,
- Fixing the income of the masse entitled representatives,
- Powers for formalities.

To attend the meeting the participating stock owner will have to provide a blocking affidavit issued by the trustee and in order to appoint a deputy at the meeting they will have to add a proxy to this affidavit.
The deposit affected and the power sent for the meeting of the April 28, 1993, still available for the hereby mentioned meeting.

The Board of Directors

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In fact the Tokyo edition of the Financial Times is in the hands of its readers some seven hours ahead of Europe. Wherever your business takes you, rely on the FT to be part of your business briefing. It's in hotels and on newsstands all over the world. Any problems call the FT Copyline on 49 69 15685150.

FINANCIAL TIMES

INTERNATIONAL CAPITAL MARKETS

Gloomy day in Europe as Bundesbank holds fast

By Jane Fuller in London and Patrick Harverson in New York

GOVERNMENT bond markets in continental Europe had a mainly gloomy day, with both German and French futures losing roughly half a point.

Although no interest rate cuts had been expected from the Bundesbank after its council meeting, a smattering of hope must have remained to create some disappointment at the lack of movement.

GOVERNMENT BONDS

The Bank of France did cut its intervention rate from 8.25 per cent to 8 per cent. But, being just as expected, it failed to halt the decline.

After interest rate cuts totalling 75 basis points over the past couple of weeks, one economist said the pace of change was likely to slow, with perhaps another 25 basis points coming off by the end of the month.

Some profit-taking was seen behind the falls in the markets, and some setting up of new short positions.

A report by France's state auditor forecasting a budget deficit of between FFr320bn and FFr360bn this year – twice the level forecast by the last government – acted as a reminder of the supply problems faced throughout Europe.

The German futures contract fell from 95.17 to 94.64 during the day.

■ THE UK government bond market again traded sluggishly in the absence of economic data and with attention turning to the next auction announcement, a week away.

Declines tended to be a little smaller than in the continental European markets. The 7¼ per cent bond due 1998 shed just over ¼ point, the 10-year stock about ⅜ and the 8¾ per cent due 2017 just over ½. The gilt futures contract also shed about ½ to close at 103¾.

Neither the Newbury parliamentary by-election nor the local authority elections were expected to cause much of a stir as the market had accepted that there would be Conservative losses.

■ THE ITALIAN government bond market proved an exception to the gloom – or "not moody at all" as one wag put it – as it continued to recover from the setback delivered on Wednesday by Moody's downgrading of the state's foreign currency debt.

The BTP contract traded more than half a point ahead of Wednesday night's close, itself an improvement on the initial reaction to the news

■ THE CZECH Republic is preparing to launch a second domestic treasury bond issue for at least Kcs2bn ($70m), Patrick Blum writes. The bonds will have a maturity of less than four years, and the sale will be by auction. An initial issue for Kcs2.5bn was successfully launched in March.

The proceeds will be used to help finance the 1991 budget deficit, said Mr Jiri Klumpar, Czech central bank financial markets director, according to the Czech news agency CTK.

■ THE JAPANESE government bond market reopened at a higher level after the Golden Week holidays, helped by the yen's buoyancy and the strengthening of US Treasuries since last Friday.

The June futures contract firmed a little more in Tokyo, to close at 108.56, about ¾ points up on Friday's close.

In a quiet day's trading, the benchmark 145 issue due 2002 saw little change during the day. It was yielding about 4.33 per cent, compared with 4.40 at the end of last week.

There seemed little impetus to the market, which is waiting to see whether the currency will break through the Y110-to-the-dollar barrier. Nor did yesterday's decline in the Nikkei Average stock market index make any waves. It was viewed as profit-taking rather than a downward trend.

■ US TREASURY prices eased slightly at the long end yesterday morning as many investors and dealers stayed on the sidelines until today's key April employment report.

By midday, the benchmark 30-year government bond was down $\frac{3}{32}$ at 104⅛, yielding 6.797 per cent. At the short end of the market, the two-year note was unchanged at 100⅛, yielding 3.792 per cent.

Trading during the morning was quiet, with the market ignoring news that initial claims for state unemployment insurance were unchanged in the final week of April. The data provided no clue as to what today's April employment report will reveal, and a reluctance to get involved until that data was released kept trading subdued. Lack of movement was also attributable to confusion over what the Treasury's changes to its debt mix means for the market.

On Wednesday, the Treasury announced it would reduce the sale of long bonds, eliminate seven-year note auctions altogether, and increase its issuance of shorter-dated securities, all to cut interest costs.

FT FIXED INTEREST INDICES

	May 6	May 5	May 4	April 30	April 29	Year ago	High *	Low *
Govt.Secs.(UK)	94.76	95.08	95.04	94.70	94.59	88.84	98.04	93.28
Fixed Interest	111.02	111.07	111.00	110.74	110.95	103.82	113.83	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	May 5	May 4	April 30	April 29	April 28
Gilt Edged Bargains	113.1	110.9	108.8	111.7	132.8
5-Day average	114.4	113.6	112.8	114.7	118.6

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	114.1885	+1.455	7.49	7.56	7.81
BELGIUM		9.000	03/03	110.6000	-0.350	7.45	7.56	7.48
CANADA *		7.250	06/03	98.7000	+0.300	7.43	7.54	7.82
DENMARK		8.000	05/03	102.4500	-0.650	7.64	7.73	7.97
FRANCE	BTAN	8.000	05/98	105.2266	-0.388	6.73	6.80	6.94
	OAT	8.500	04/03	109.0300	-0.560	7.20	7.20	7.20
GERMANY		6.75	04/03	99.6650	-0.460	6.80	6.81	6.63
ITALY		11.500	03/03	95.1600	-0.100	12.74†	12.70	13.39
JAPAN	No 119	4.800	06/99	102.6236	+0.272	4.28	4.36	4.18
	No 145	5.500	03/02	107.5895	+0.067	4.32	4.36	4.15
NETHERLANDS		7.000	02/03	102.0500	-0.130	6.70	6.73	6.68
SPAIN		10.300	06/02	92.6799	-0.256	11.63	11.65	11.69
UK GILTS		7.250	03/98	100-09	-10/32	7.18	7.23	6.76
		8.000	06/03	99-10	-13/32	8.10	8.14	7.71
		9.000	10/08	104-09	-23/32	8.50	8.51	8.19
US TREASURY *		6.250	02/03	102-22	+13/32	5.88	6.00	6.17
		7.125	02/23	104-03	-	6.80	6.90	7.02
ECU (French Govt)		8.000	04/03	102.4000	-0.550	7.65	7.69	7.82

London closing. *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Matif to launch five-year French bond futures

By Tracy Corrigan

THE MATIF, the French futures exchange, plans to launch a futures contract based on three to five-year French government bonds. The contract will start trading on June 17.

The introduction of this latest French interest rate contract means that dealers can now trade the whole of the French yield curve in the futures market.

The Matif already lists a three-month Pibor interest rate contract, a seven to 10-year bond contract, and a 15 to 30-year bond contract. However, the 30-year contract, launched on January 28, is hardly traded: average daily volume in April was just 184 contracts, compared with 134,000 in the 10-year "notionnel" contract.

"The five-year contract will have the same fate as the 30-year," warned one government bond trader.

An active forward market already exists in when-issued five-year BTANs, which are sold at regular monthly auctions. According to some traders, this assumes the function of a futures contract.

However, a Matif official said the new contract had been designed to offer something different: it is based on three- to five-year BTANs and OATs with total outstandings of FF231.48bn.

There has been growing trading interest in the shorter end of the yield curve across a range of markets.

In the last few months, two new five-year contracts – a German government bond (BOBL) contract on Liffe in London and an Italian government bond (BTP) contract on Italy's Mif – have been launched.

However, a previous attempt to develop a five-year French bond contract proved a failure.

In 1988, the Matif launched a five-year contract jointly with another exchange, which never took off, and was killed the following year.

The Conseil du Marché à Terme has approved the latest launch.

SmithKline Beecham returns to the Eurosterling sector

By Sara Webb

THE EUROBOND market saw a flurry of new issues as borrowers tapped the dollar, lira, sterling and D-mark sectors of the international capital market.

SmithKline Beecham, the

INTERNATIONAL BONDS

Anglo-American drugs and consumer products group, returned to the Eurosterling sector with a £100m, five-year deal.

The bonds, which have a coupon of 7.75 per cent, were priced to yield 64 basis points over the 7.25 per cent gilt due 1998.

Lehman Brothers, the lead manager, said the yield spread held steady. The proceeds will be swapped into either floating-rate dollars or floating-rate sterling to give funding at around Libor plus 5 basis points.

Other participants in the deal noted that some investors were rather disappointed to see SmithKline Beecham returning to the Eurosterling sector.

"The yield spread for the latest deal is more attractive than the yield spread of about 57 basis points which we are quoting for their existing issue," said one house.

SmithKline launched a 5½-year issue – the 8⅜ per cent bond due November 1998 – in January and then increased it in size in early April.

Eurofima, the rail equipment financing agency, launched a DM500m five-year Eurobond with a 6.25 per cent coupon. Dresdner Bank, the lead manager, said the issue was one of the largest D-Mark bonds to have been issued by this particular triple-A borrower.

Dresdner claimed there was quite good demand for the bonds against the backdrop of a weak bund market. The bonds were issued at a price of 101.35 and traded at between 99.67 and 99.72, or "at fees".

Also in the D-Mark sector, Europäische Hypothekenbank increased the size of its reverse floating-rate note by DM100m to DM275m. The bonds pay a fixed coupon of 7.75 per cent in the first two years, and a coupon of 12⅝ minus six-month DM Libor thereafter.

Deutsche Bank, the lead manager, said the deal was placed mainly with retail investors in Germany.

● Air Gulf has raised a $307m loan to finance the purchase of eight new Airbuses, Reuter reports. The loan is managed by Banque Indosuez and guaranteed by European export credit agencies.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Nissan Intl.Fin.(Neths.)(a)	100	5.625	100R	May.1998	(a)	-	IBJ International
IMI Bank Intl., Cayman(b)‡	100	(b)	99.25R	Jun.1998	0.25R	-	Morgan Stanley Intl.
CSFB Finance (Neths)(c)‡	50	(c)	100R	May.2003	0.5R	-	CSFB
BASF Brasileira	40	9.25	99.55R	May.1998	1.0R	+410(5⅛%-98)	Deutsche Bank London
D-MARKS							
Eurofima	500	6.25	101.35	May.1998	1.625	-	Dresdner Bank
Europäische Hypo.Lux(d)‡	100	(d)	101.2	May.2003	1.45	-	Deutsche Bank
FRENCH FRANCS							
Caisse Française de Dev.(e)	500	3.75	99.41R	Jun.2003	0.5R	-	JP Morgan & Co.
STERLING							
SmithKline Beecham Capital	100	7.75	99.52R	Jun.1998	0.3R	+64 (7¼%-98)	Lehman Brothers Intl.
CANADIAN DOLLARS							
Province of Newfoundland(f)	50	8.75	98.9	May.2003	0.425R	+128(7¼%-03)	ScotiaMcLeod
ITALIAN LIRA							
Swedish Export Credit	150bn	10.75	99.75R	Jun.2000	0.3R	-	Credito Italiano
Deutsche Bk.Fin.Curaçao(g)	100bn	10.375	101.557	Jun.1998	1.875	-	BAI (Deutsche Bk.Group)
IRISH POUNDS							
European Investment Bank(h)#	50	7.875	99.23R	May.2003	(a)	+18 (9¼%-03)	Allied Irish Bank

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Fees undisclosed. b) Coupon pays 6-month Libor + 0.375%. Callable at par on any interest payment date from Jun.1995. c) Issue launched on Tuesday was increased to $200m. Coupon pays 6-month Libor - 0.125%; minimum 5.875%, maximum 10%. d) Issue launched on Wednesday was increased to DM275m. Coupon pays 7.75% fixed annual in first 2 years and 12.625% - 6-month Libor thereafter. e) Denom.: FFr10,000 +.10 warrants to the 8% BTAN due May 1998. Re-offer ex-warrants: 75.81%. Price per warrant: FFr236. Exercise period: 18/6/93 - 29/6/94. Strike price: 6.3%. 100 warrants give entitlement to FFr1,000,000 of bonds. f) Fungible with the C$100m launched on 25/3/93. Plus 14 days accrued interest. g) Issue launched on Wednesday was increased to L300bn. h) Domestic issue.

Code of practice on stock lending issued

By Tracy Corrigan

THE STOCK Borrowing and Lending Committee, a body of market practitioners, has issued a code of practice for lending and borrowing domestic and international securities in the London market.

The guidelines have no regulatory force, but the Securities and Investment Board is looking at ways of ensuring they are enforced, either by endorsing the code or by making the guidelines rules. It is considering the issue as part of its review of custody, which is nearing completion. A discussion document will be published in the next month or so.

One reason for renewed regulatory interest in this area is that part of the Maxwell fraud might have been prevented if enforceable rules on the authorisation of stock-lending had been in place.

The code is based on existing practice, and covers areas such as gaining Inland Revenue and regulatory approval, setting collateral, and seeking proper authority.

It applies to borrowing and lending of both domestic and international equities and bonds. The size of the stock-lending market in gilts is £8bn, while UK equities lending accounts for £2bn. International securities lending is estimated at about another $10bn, consisting mostly of international equities.

In the international bond market, the repo (repurchase agreement) market tends to fulfil the same function as the stock-lending market.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on May 6

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RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	65	12
Other Fixed Interest	0	3	12
Commercial, Industrial	236	322	840
Financial & Property	103	103	593
Oil & Gas	19	21	44
Plantations	0	0	8
Mines	48	29	61
Others	48	35	42
Totals	454	578	1,612

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

å Figures based on prospectus estimates. M Dividend and yield based on prospectus or other official estimates for 1993-94. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ✠ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings April 26
- Last Dealings May 7
- Last Declarations July 29
- For settlement August 9

3-month call rate indications are shown in Saturday editions.

Calls in: Birse, Densitron, First Tech., Fairhaven, Gestetner, Greycoat, Hartstone, Laser Scan, Lonrho, ML Labs., NSM, Ratners, Sainsbury, Sanderson Elec., Tomkins, Tullow Oil and Ward. Puts in: First Tech. and Hanson Wts. Puts & Calls: BM, Harstone and Proteus.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

[illegible]

May 6 Total Contracts 22,508
Calls 12,368 Puts 10,140
FT-SE Index Calls 2,113 Puts 3,306
Euro FT-SE Calls 374 Puts 282
*Underlying security price. † Long dated expiry mths. Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Thu May 6	Day's change %	Wed May 5	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (23)	127.08	-0.08	127.18	1.74	4.09
2	5-15 years (24)	145.42	-0.29	145.85	1.68	5.22
3	Over 15 years (9)	155.77	-0.54	157.00	2.16	3.48
4	Irredeemables (6)	174.21	-0.93	175.84	0.21	6.12
5	All stocks (62)	142.18	-0.27	142.61	1.78	4.58
	Index-Linked					
6	Up to 5 years (3)	182.85	-0.06	182.96	0.37	1.92
7	Over 5 years (11)	171.38	-0.13	171.61	0.84	1.72
8	All stocks (14)	171.80	-0.12	172.01	0.77	1.75
9	Debs & Loans (66)	126.57	-0.33	127.00	2.29	3.81

AVERAGE GROSS REDEMPTION YIELDS

			Thu May 6	Wed May 5	Year ago (approx.)
	British Government				
1	Low	5 years	7.15	7.09	8.26
2	Coupons	15 years	8.09	8.03	9.05
3	(0%-7¾%)	20 years	8.30	8.24	9.05
4	Medium	5 years	7.44	7.39	9.25
5	Coupons	15 years	8.49	8.43	9.08
6	(8%-10¾%)	20 years	8.59	8.53	9.06
7	High	5 years	7.67	7.62	9.47
8	Coupons	15 years	8.75	8.69	9.20
9	(11%-)	20 years	8.80	8.73	9.16
10	Irredeemables(Flat Yield)		8.64	8.55	9.27
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.73	2.71	3.83
12	Inflation rate 5%	Over 5 yrs.	3.59	3.58	4.41
13	Inflation rate 10%	Up to 5 yrs.	1.91	1.88	3.15
14	Inflation rate 10%	Over 5 yrs.	3.41	3.40	4.23
15	Debs &	5 years	9.09	9.02	10.61
16	Loans	15 years	9.58	9.52	10.45
17		25 years	9.71	9.67	10.35

BP's shares rise as first quarter pleases City

By Deborah Hargreaves

BRITISH Petroleum surprised the City in reporting better-than-expected first quarter profits of £231m – before exceptional items – on a replacement cost basis, compared with £73m.

The shares rose 10p to 306p.

Mr David Simon, chief executive, said the improvement in profits for the three months to March 31 had largely been a result of "self help". He said trading conditions had been tough and although BP had maintained sales, margins were lower.

BP's cost-cutting exercise generated surplus cashflow of £600m in the first quarter, allowing the company to pay down debt and reduce its debt-to-equity ratio from 99 per cent at the end of last year to 94 per cent.

Mr Simon said the company had paid off $1.8bn (£1.16bn) of debt since the middle of last year, leaving a burden of $14.5bn.

He warned, however, that cashflow in the second quarter would be adversely affected by $630m tax due to the Alaskan government and lower divestment proceeds, although refining margins had recently improved.

A decline in the oil price and a drop in refining margins had led to a downturn of $150m in income, Mr Simon pointed out. However, that had been more than offset by lower costs and an improvement in the dollar-sterling rate.

While BP's sales of refined products were up by 6 per cent in the first quarter and gas sales rose by 2 per cent, refining margins fell 50 cents in Europe and 30 cents in the US.

"These results are quite good, because BP is moving to a perfectly respectable level of earnings when the environment is not improving at all, in fact it is deteriorating," said Mr Nick Antill, analyst at Hoare Govett, the stockbroker.

The company's overall replacement cost profit – which strips out gains and losses from oil stocks – was up from £200m in the final quarter last year. The contribution to operating profit from exploration and production held steady from the fourth quarter at £516m, against £515m, in spite of a $1.50 a barrel drop in the oil price. A year ago the contribution was £414m.

Refining and marketing achieved profits of £124m (£36m), up from £117m in the fourth quarter. Chemicals showed a loss of £14m against loses of £6m a year earlier and £22m in the fourth quarter. Earnings in the first quarter increased from 1.4p to 4.3p while the dividend is cut to 2.1p (4.2p).

See Lex

A late victim of the recession

Heavy debt provisions have hit profits at Bank of Scotland, reports John Gapper

HAS THE angel of the British clearing banks fallen from grace? It was tempting to draw such a conclusion yesterday as Bank of Scotland announced an 11 per cent fall in pre-tax profits only a day after its old rival, Royal Bank of Scotland, started to show clear evidence of recovering from the worst.

Bank of Scotland has achieved an enviable reputation in the past few years of being both less accident-prone than others, and of running operations efficiently. It avoided the exposure to lending in the south of England that has hurt most banks, and its ratio of costs to income has been far lower.

Yet as signs appear of economic growth, Bank of Scotland's 45 per cent rise in debt provisions raised questions about whether it under-provided earlier in the cycle. It also had to respond to doubts about whether it will generate enough income to increase assets without the need for a rights issue.

Provisions rose in the second half of the year to February 28 – the bank provided £233.7m of a total £371.7m in the second half. This included six provisions worth at least £5m, and an adjustment to a provisioning formula at Forthright Finance, its motor finance subsidiary.

The bank argued yesterday that several factors lay behind the deterioration in the second half, including the fact that recession reached Scotland during the year; that it suffered two months more recession because its year ends in February; and that it was hit by one-off failures.

"We have had to revisit the same accounts several times as the recession has spiralled down. That makes us uncomfortable, but it does not mean our judgment was wrong," said Mr Bruce Patullo, governor and chief executive. But the bank none the less accepts that it has lessons to learn.

One of these relates to the way in which it has expanded its loan book in England without the branch network of rival banks. It has instead relied on direct services run by telephone and computer, and corporate lending carried out at 20 regional offices around England.

Bruce Patullo: accepts that the bank has some lessons to learn

Although the bank believes that direct banking subsidiaries, such as its NWS Bank finance house based in Chester, can carry out accurate risk assessment using credit scoring, it accepts there is some potential weakness in its lack of local branch managers who can assess businesses face-to-face.

It is attempting to strengthen local knowledge by ensuring that its regional managers become closer to local business establishments. "We have got to become good friends with the key local lawyers and accountants who know businesses," said Mr Peter Burt, treasurer and chief general manager.

The rise in provisions, combined with a 16 per cent rise in assets, weakened the ratio of Tier 1 capital – its equity plus retained earnings – to risk-weighted assets to 5.8 per cent from 6.5 per cent in 1992. This remains above banks such as National Westminster, but is below most large US banks.

This reinforces a criticism of the bank by some analysts: that it is not generating a high enough return on its capital to prevent it from making regular rights issues. The last issue – of £194m – was two years ago, and it would face scepticism if it tried to raise more capital soon.

Mr Patullo insists this is not necessary. He says the bank has made careful projections, and believes it will be able to maintain its Tier 1 ratio at 5.8 per cent over the coming year without a large improvement in debt provisions, provided that loan growth does not exceed 5 per cent.

Yet this, in turn, raises a question about whether it will have to limit loan growth just as the recovery starts. Mr Julian Robins, analyst at BZW, argues that a curtailment of loans would curb Bank of Scotland's earnings because it is heavily reliant on traditional loan-related business.

Mr Robins says the bank is relying both on its poor second half for provisions being an aberration, and the assumption that loan demand will tail off from last year.

"They are making some rather dangerous assumptions, and I am not necessarily convinced," says Mr Robins.

Mr Patullo argues that the bank's strong growth in income – net interest income rose by 16 per cent – combined with cost control will see it through. But he believes it will have to achieve pre-tax return on equity of more than 20 per cent in the long term to *generate enough capital internally.*

Inveresk expects £75m float value

By James Buxton, Scottish Correspondent

INVERESK, the Scotland-based speciality paper maker whose shares are to be quoted on the Stock Exchange early next month, says it expects to grow by developing new markets, increasing output from existing plants and acquiring other speciality paper companies.

The company is coming to the market through a placing and intermediaries offer. It owns three mills in eastern Scotland and one in Somerset, and was the subject of a £31m management buy-out in 1990 from Georgia-Pacific of the US.

The pathfinder prospectus, released yesterday by Inveresk's merchant bank Schroders, does not give full details of the offer. But it is expected to raise about £30m and value the company at more than £75m.

It is expected that after the flotation about 40 per cent of the company will end up in the *hands of the institutions* which backed the MBO – Morgan Grenfell, County NatWest Ventures and 3i. Between 35 and 40 per cent is likely to be held by the management team under Mr Stefan Kay, the managing director, with new shareholders holding the rest.

In the year to November 28 1992 Inveresk made an operating profit of £8.57m (£8.7m) on continuing activities. Turnover fell from £91.4m to £87.8m. Earnings per share were 11.5p on the existing 44.6m shares.

The company regards its performance as creditable in the face of recession in the UK and its markets in continental Europe.

It says that results for the first four months of the current financial year were ahead of those for the same period last year. There is no profits forecast.

The full prospectus will be published on May 20. Trading begins on June 2.

James Capel is broker to the issue.

ICI share dealing details

By Maggie Urry

THE Stock Exchange hasissued details of proposed dealings on a "when-issued" basis in the shares which will result from Imperial Chemical Industries' proposed demerger and the rights issue from Zeneca, its bioscience part.

Last week Salomon Brothers International stopped making an unofficial "grey market" in the new securities at the Stock Exchange's request. The Exchange said then that it would sanction dealings once the terms of Zeneca's rights issue had been set.

Dealings will start at 2.30pm *on May 12, the day ICI is to* announce the terms. They will be in the new ICI shares, the Zeneca shares ex-demerger and the nil-paid Zeneca rights.

All dealings will be conditional on the demerger going ahead. If it does not the trades will be declared null and void.

Prices will be quoted on the Seaq system.

Co-operative Retail expands despite slight fall in sales

By Paul Taylor

CO-OPERATIVE Retail Services, one of the UK's biggest retailers, yesterday reported a substantial increase in profits for the year ended January 30, despite the high street recession and a marginal decline in sales.

CRS *reported a surplus* before distribution of £41.6m, compared with a previous £33.2m.

The pre-tax surplus amounted to £25.9m, against £21.6m, and was struck after exceptional charges of £5.15m (£538,000).

Turnover slipped to £1.45bn against £1.5bn. Net sales, which take account of VAT, were 3.6 per cent lower at £1.34bn (£1.39bn) mainly reflecting the sale of the dairy business in July last year to MD Foods.

Despite the lack of sales growth, and the loss of the dairy business contribution, trading profits increased to £52.5m (£50m) reflecting margin improvements and tight control over expense levels. Trading margins improved from 3.6 per cent to 3.9 per cent.

The food division, which includes the Leo's, Stop & Shop and Pioneer chains, increased sales by 1.6 per cent to £1.13bn with profits up 17.7 per cent.

The non-food division, including the Living department stores and Home World furnishing stores, increased turnover by 0.9 per cent to £234m despite "the harsh economic background."

Net interest costs fell to £10.8m (£16.8m). Gearing tumbled to 27 per cent (58 per cent) mainly reflecting the sale of the dairy division and the net positive cash flow of £83.6m.

Operating surplus – after interest and distributions – increased to £31.1m (£22.3m) which Mr Harry Moore, chief executive, said underlined the society's commitment to building a successful platform for future development.

StanChart directors forfeit bonuses

By John Gapper, Banking Correspondent

STANDARD CHARTERED, the UK-based international banking group, yesterday disclosed that none of its directors will receive bonuses this year because of the £305m loss in the Bombay securities trading scandal.

Mr Rodney Galpin, the retiring chairman, told the bank's annual meeting that no performance bonuses – which comprised 20.6 per cent of executive directors' pay last year – would be paid this year.

The bank also disclosed that it was establishing a new risk management function as part of a wide-ranging management restructuring.

Mr Galpin said it was acting to remedy the weaknesses exposed by the securities trading scandal.

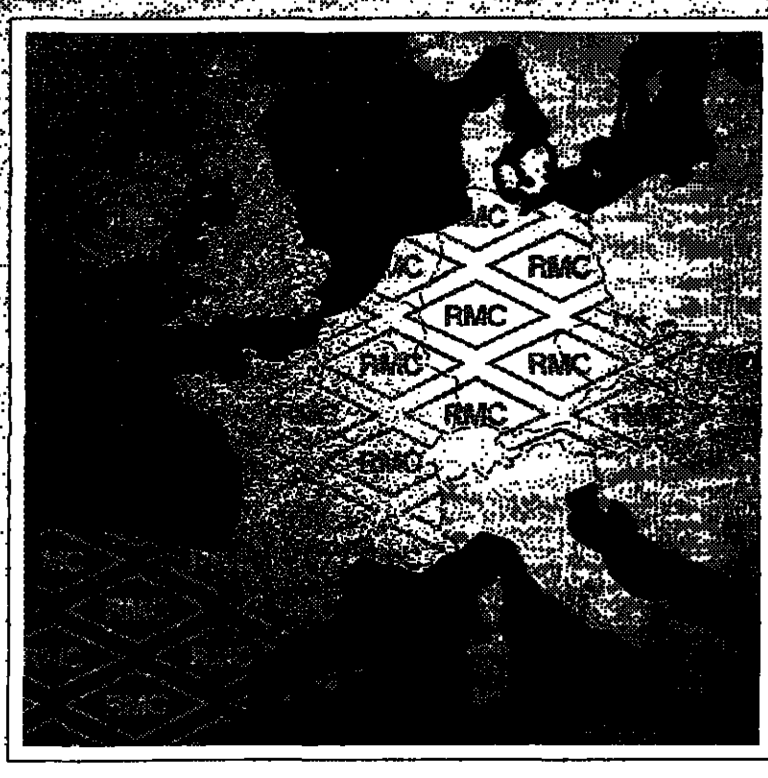
A representative of Tan Sri Khoo Teck Puat, who holds 14.94 per cent of Standard Chartered's equity, was among shareholders who asked critical questions about the Bombay loss at the meeting.

Mr Galpin said that Bombay should "never have happened" and that checking and control of Standard Chartered's activities around the world were "very much at the forefront of our mind" since the fraud in India had been exposed.

DEVELOPMENT THROUGH FINANCIAL STRENGTH

"Our objective is to develop the Group's activities on a selective basis, above all to ensure that its fundamental financial strength remains unimpaired."

Extracts from the Statement by the Chairman, J. Camden



SUMMARY OF GROUP RESULTS

	1992	1991
TURNOVER	£3,140.2m	£2,797.7m
PRE-TAX PROFIT	£166.6m	£167.4m
EARNINGS PER SHARE	31.2p	36.0p
DIVIDENDS PER SHARE	20.0p	20.0p

The Annual General Meeting will be held at the Inn on the Park, Hamilton Place, Park Lane, London W1, on 28th May 1993 at 11.30am.

If you would like a copy of the 1992 Annual Report please write to: The Secretary, RMC Group p.l.c., RMC House, Coldharbour Lane, Thorpe, Egham, Surrey, TW20 8TD.

RMC Group p.l.c.

The RMC Group operates internationally in Austria, Belgium, Czech Republic, France, Germany, Holland, Hungary, Israel, Portugal, Republic of Ireland, Spain, United Kingdom and the United States of America

IMPROVED CONSOLIDATED EARNINGS AND CONTINUED DEBT PAYDOWN

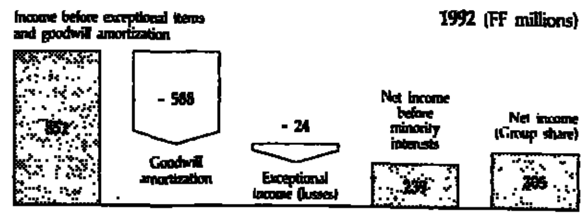
1992 CONSOLIDATED RESULTS

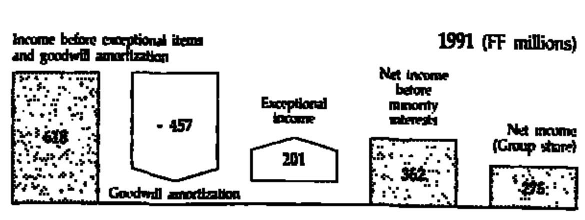
Despite the weak economy, consolidated net income (after minority interests) improved, buoyed by:

- The strong resistance of Schneider Industrie's operating margin (7.6%, versus 7.9% in 1991), thanks in particular to a roughly 3.5% cut in fixed costs;
- The refocusing of Spie Batignolles on its core businesses and the confirmation of its recovery;
- Increased selectivity in property, plant, and equipment investments, which were again amply covered by cash flow.

Earnings were improved in a way that preserves the Group's future, since research and development outlays were sustained at FF 2.2 billion, and staff training remained a high priority, with a budget of FF 450 million.

FINANCIAL HIGHLIGHTS (in millions of French francs)	1992	1991
Sales	61,441	59,022
Operating income	3,147	2,928
Income before exceptional items and goodwill amortization	851	618
Net income (after minority interests)	305	275
Cash provided by operating activities	3,434	3,201
Investments in property, plant, and equipment	2,286	2,728
Interest expenses (net)	1,778	1,534
Amortization of goodwill	588	457
Gross debt	22,650	24,976





1992 CONSOLIDATED SALES

In 1992, the Group's consolidated sales totalled FF 61.4 billion, versus FF 59 billion in 1991. The 4% rise was due to the full-year consolidation of Square D, which had been included for only seven months in 1991.

Schneider Industrie - the electrical distribution and industrial control business - accounted for two thirds of Group sales, with a strong presence in Europe and North America.

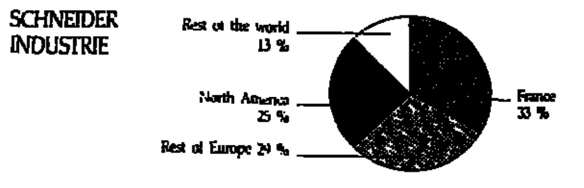
Schneider Entreprise - the electrical installation and general contracting division - accounted for the remaining third, a majority of which from electrical installation.

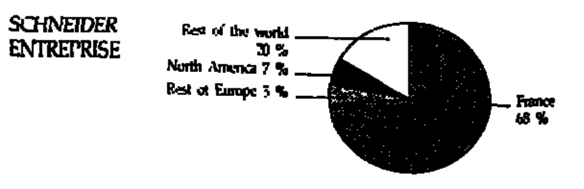
All in all, then, Groupe Schneider derived over 80% of total sales from electricity-related operations.

SALES BREAKDOWN BY BUSINESS

SCHNEIDER INDUSTRIE Electrical distribution - Industrial control (Merlin Gerin, Telemecanique, Square D)	FF 40 bn
SCHNEIDER ENTREPRISE Electrical installation - General contracting (Spie Batignolles)	FF 21 bn

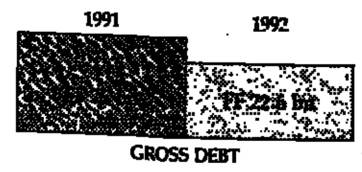
SALES BREAKDOWN BY GEOGRAPHICAL AREA





DEBT PAYDOWN

The policy of divesting nonstrategic assets (FF 1.2 billion in divestments in 1992) and trimming working capital requirements (by about FF 600 million) shaved FF 2.4 billion off the Group's gross debt. Debt paydown remains a central goal for 1993. In 1993, the sale of Jeumont-Schneider Industrie and of various nonstrategic assets should enable debt to be pared by an amount comparable to the 1992 reduction. As of December 31, 1992, nearly half the Group's borrowings consisted of floating-rate debt.



COMPANY NEWS: UK AND IRELAND

Smurfit falls to I£95.5m as weak prices take toll

By Angus Foster

JEFFERSON SMURFIT, the Irish paper and packaging group, yesterday announced a sharp fall in profits due to recession and weak prices in several of its main markets.

Pre-tax profits fell from I£157.5m to I£95.5m (£93.8m) in the year to January 31 on turnover up 3 per cent at I£1.26bn. At the interim stage, profits fell 20 per cent to I£60m.

Mr Ray Curran, chief financial officer, said the results showed "a very solid performance. We're looking forward to an upturn in the cycle".

Trading profits dropped to I£102.9m (I£133.2m). Net interest receivable increased to I£16.2m (I£15.3m), while net cash fell to I£149.5m (I£238.8m).

Operating profits in Latin America increased 3 per cent to I£63.2m. The region increased its share of overall profits from 43 per cent to 59 per cent, as European profits fell and North America turned from a profit to a loss.

Ray Curran: results showed a very solid performance

Ireland maintained operating profits at I£19.4m, although profits in the UK fell sharply from I£13.6m to I£4.71m. However, orders have since improved and the company achieved a small price increase at the year end.

JSC/CCA, the US associate which was set up through a leveraged buy-out in 1989, suffered from falling prices despite higher sales. JSC, which also released first quarter results yesterday, reported a net loss up from $19.9m to $32m (£20.7m).

Exceptional charges of I£28.4m covered the cost of closing down some European mills. There was also an extraordinary charge of I£19.3m to cover refinancing costs for JSC/CCA. Some of these costs were incurred after the year end, but have been included in last year's results.

Earnings fell from 24.4p to 11.8p per share. A proposed final dividend of 2.5094p makes a total of 3.74p, an increase of 5.7 per cent.

See Lex

Bellway advances in weak market

By Andrew Taylor, Construction Correspondent

BELLWAY yesterday became one of the few housebuilders to announce a rise in profits in the latter part of 1992. The period included Britain's withdrawal from the ERM which prompted a sharp fall in confidence of house buyers.

Despite this, Bellway managed to increase pre-tax profits from £5.48m to £5.79m for the six months to January 31. House sales rose from 698 to 833.

Bellway, which has one of the strongest balance sheets in the sector, currently has £40m of cash following a £33.6m rights issue in March.

The company intends to increase output to 4,000 homes a year by the mid 1990s, making it one of the six largest builders in the country. Since the rights issue it has contracted to buy more than £35m worth of land.

Mr Alan Robson, finance director, said that Bellway was on target to achieve its forecast, made at the time of the rights issue, of at least £16m pre-tax profit for the 12 months to end-July.

First half turnover rose from £52.4m to £56.1m. Earnings per share edged ahead from 7.3p to 7.8p. The interim dividend is maintained at 4p but directors intend to raise the final by 0.5p to 8p.

The number of homes to be built by the group during the year is expected to rise from 1,841 to at least 2,200.

Mr Robson said that the UK housing market had turned since the beginning of the year.

Net reservations by Bellway – agreed sales on which a deposit had been paid, less cancellations – had increased by a third compared with the first four months of 1992.

"Experiences are patchy and vary from development to development," said Mr Robson, "but prices have begun to stabilise. We are offering less incentives to encourage sales and prices in one or two instances have even risen slightly."

Sullivan sells 10% stake in BEP

By Peter John

MR DAVID Sullivan, publisher of the Sunday Sport, has sold his 10 per cent stake in the Bristol Evening Post.

Credit Lyonnais Laing, the securities house, placed Mr Sullivan's 1.64m shares with two institutions at an average price of 334p a share raising some £5.48m.

The sale might be seen as a concession of defeat for Mr Sullivan's ambitions to move into mainstream newspapers. The shares were bought for about 300p each some three years ago and the sale is unlikely to have generated a profit once carrying costs and brokers fees are taken into consideration.

That concession was signalled in early March when he and Ms Karren Brady, the Sport's marketing director, announced that they were moving into football. They head a company called Roldvale which bought 84 per cent of Birmingham City Football Club for an undisclosed sum.

Mr Sullivan, who made his fortune through the sale of a string of sex shops in 1981, built up his stake in the middle-market BEP in late 1989 and early 1990.

He was subsequently blocked by the Monopolies and Mergers Commission from taking a controlling stake in the tabloid. The MMC ruled that his ownership would not be in the public interest.

However, as recently as last November, Mr Sullivan said he planned to fight the ruling after buying The News and Echo, a new regional Sunday newspaper for Yorkshire and north-west England. He was hoping that control of more conventional newspapers would alter his case.

Mr Sullivan yesterday refused to make any comment regarding the sale.

RJB well placed to win contracts

RJB Mining, the private coal mining company which is preparing for flotation, believes it is well positioned to win new open cast mining contracts from British Coal.

The pathfinder prospectus discloses that RJB recently won a tender for the Llanilid West contract in Wales which will involve the extraction of 770,000 tonnes of coal and generate turnover of £20m.

The company is awaiting the results of two further tenders, and is aware of likely opportunities to tender for at least five more contracts this year.

The prospectus contains no specific profit forecasts, but says that RJB will benefit from the deregulation of the UK coal industry in several ways.

Financial advisers are Barclays de Zoete Wedd. The flotation, which is expected to value the company at over £100m, will be priced on May 19 and dealings will start on June 7.

Simple choice, hard decision

Maggie Urry on today's meeting to settle the future of C&J Clark

SHAREHOLDERS of C&J Clark, the private shoe company, gathering today at the Royal Bath & West of England Showground, must decide the future of their 168 year old company. The choice before them is simple. But the decision is far from easy.

They must choose whether to accept a proposed £184m bid from Berisford International, a virtual shell company keen to buy itself a core business, or retain ownership in the hope that the company can find a solution to its undoubted problems.

The meeting – at a venue more used to cattle shows than corporate showdowns – is bound to be stormy. Emotions run high when Clark's shareholders, of which about 70 per cent are members of the founding family, discuss the family business.

Put simply, the argument within the family has been whether to stick with the tradition of a family-controlled and run company or to bring in professional managers who might adopt a more ruthless business approach. Since Berisford's bid appeared the alternative to family control and ownership has become a sale of the business.

Berisford, claims Mr Alan Bowkett, its chief executive, "is the solution not the problem". If the Berisford offer is rejected, he has all but said Clark may go bust. Shareholders against the sale, who have rallied around a standard raised by a group calling itself Shoes, say Berisford is exaggerating the company's problems and the shareholder's disharmony.

While the Clarks have been arguing, profits have slumped, and dividends cut. From a pre-tax and exceptionals profit of £36.1m in 1989-90 the figure dropped to £14.2m before exceptional costs of £12.5m in the financial year to January 31. The dividend has been reduced from 9.38p to 3.75p over the last two years.

Years of disagreement culminated last October in an acrimonious shareholders' meeting which only ended with an agreement that the board would assess possible bids for the company.

That process produced the Berisford offer, which the board has described as "fair and reasonable". Seven of the 11 directors have recommended it to shareholders.

Berisford is offering 213p per share in cash or securities. On top of that is the promise of another 26p cash as and when Clark's surplus properties are sold. The deferred element depends on the prices obtained and is based on the January 31 book value.

That price has attractions given Clark's recent profit and dividend record, and the price at which shareholders have been able to sell through an internal market. The last trade was at 90p and the latest valuation is 100p. Further, the Clark directors who recommend the bid assert that it takes account of management forecasts of a recovery in profits over the next three years.

Shoes argues that the Berisford offer fails to recognise Clark's potential, although Shoes has not seen the three-year profit plan. And Clark's supposedly divided board, they say, has implemented a reorganisation plan.

Rather than accept Berisford's offer, Shoes proposes a new structure for Clark of a board and a shareholder council. And it suggests a flotation within five years.

In response, Berisford says that a two-tier structure would foster rather than heal divisions. And a vague promise of a flotation is uncertain compared to cash in hand.

Shoes could have trumped Berisford if it had promised to match Berisford's offer and keep the business within family control.

"They should put up or shut up," said one stockbroker.

But it is in no position to do that. If shareholders reject Berisford's approach, they must ask themselves what guarantee they have that Clark will not revert to the divisions which have weakened its business.

Capital and Regional makes £10m purchase

By Vanessa Houlder, Property Correspondent

Capital and Regional Properties, a USM-quoted property company, yesterday announced the acquisition of an Aberdeen shopping centre for £10.1m, along with a £13.2m placing and open offer.

The 200,000 sq ft Trinity Centre in Union Street, Aberdeen, which was developed by Norwich Union in 1984, has 30 shops, including a 100,000 sq ft store let to Debenhams. The annual rental income is £1.16m, which produces an initial yield of 11.5 per cent. Mr Martin Barber, chairman, said the deal moved the company up into the middle ranks of the property market. However, it will not raise additional money from shareholders for another year. Warburg Securities has placed 9.96m shares at 140p each, and shareholders can claw back on a 1-for-2 basis.

Managers buy Benjamin Priest

By Paul Cheeseright, Midlands Correspondent

BENJAMIN PRIEST, the engineering components group, has been bought by its management from International Marine Holdings, the US group which won control in December 1990 after paying £59.3m to settle a contested takeover.

Mr John Ainsworth, the managing director and leader of the management buy-out team, refused to disclose the purchase price but said the buy-out was on a similar scale to that of the Leyland Daf van plant last month. This transaction, which included £8m of public sector finance, drew in funding of about £45m.

The Priest deal excludes Lewmar, the marine equipment company which was the original target for International Marine. The US group made clear in 1990 that it would dispose of the engineering companies and a decision to that effect was made nine months ago.

KPMG Corporate Finance put together the finance for the buy-out. This is split roughly equally between equity, with the main shareholders being 3i and NatWest Ventures, and borrowing from Lloyds Corporate Banking.

There are 12 engineering companies in the Priest group. Although investment during the recession has been maintained above depreciation levels, their operations have been slimmed down. The companies employ 1,085 people.

In the 1992 year the companies subject to the buy-out produced combined turnover of £60m and made profits of £3m before tax, interest charges and fees to International Marine.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Bank of Scotland	fin	2.8	July 15	2.65	4.57	4.35
Bellway	int	4†	July 2	4	-★	11.5
BP	int	2.1	Aug 7	4.2	-	10.5
City Merch High	int	2	July 9	2	-	7.875
Copymore §	fin	nil	-	1.7	1	2.7
Finsbury Growth	int	0.9	June 7	0.9	-	2.9
First Ireland	fin	1.44	July 10	1.18	1.44	1.18
Highcroft Inv	fin	3.1	July 2	2.85	4.9	4.5
MMT Computing §	int	1.25	July 5	1.1	-	3.5
Smith (J) Ests §	fin	2.8	July 9	2.5	4.2	3.75
Smurfit (J)	fin	2.5094♣	June 30	2.436*	3.74	3.537*
Titon §	int	1.3	July 1	1.13	-	3.7‡

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♣Irish currency. ★Total of 12p forecast. ‡Includes special 0.13p.

B.A.T. Industries Enhanced Share Alternative – 3% Higher Cash Offer by SBC

If you accept the Enhanced Share Alternative and wish to sell any such shares, SBC hereby offers to pay a cash price 3% higher than an offer made by BZW in their letter to shareholders dated 19 April, 1993.

Swiss Bank Corporation

Swiss Bank House
1 High Timber Street
London EC4V 3SB
Tel: 071-329 0329
Telex: 887434 SBCO G
S.W.I.F.T. address: SBCO GB 22
6 May, 1993

Dear B.A.T. Industries shareholder

SWISS BANK CORPORATION CASH OFFER TO PURCHASE NEW ORDINARY SHARES IN B.A.T. INDUSTRIES PLC TO BE ALLOTTED PURSUANT TO THE ENHANCED SHARE ALTERNATIVE IN RESPECT OF THE 1992 FINAL DIVIDEND.

1. Introduction

We refer to the Enhanced Share Alternative announced by B.A.T. Industries which allows you to elect to receive new Ordinary Shares in B.A.T. Industries equivalent to a dividend of 33.9p per Ordinary Share instead of the cash dividend of 22.6p per Ordinary Share, full details of which are contained in an Information Document dated 19 April, 1993, a copy of which is available to you on request. In addition, we refer to a letter addressed to B.A.T. Industries' shareholders from Barclays de Zoete Wedd Securities Limited ("BZW") dated 19 April, 1993, a copy of which is available to you on request, wherein BZW has offered to purchase all new Ordinary Shares from B.A.T. Industries' shareholders at a price equivalent to a dividend of 32.2p per Ordinary Share.

To provide shareholders with an assured cash return Swiss Bank Corporation ("SBC") is making you an offer to purchase your new Ordinary Shares. This offer is at a price higher than that offered on 19 April, 1993 by BZW.

2. The SBC Cash Offer

SBC hereby offers to acquire, on the terms and conditions set out herein and in the SBC Form of Acceptance (Form D), your new Ordinary Shares arising from the Enhanced Share Alternative. SBC will pay you, in cash, an amount approximately equivalent to a dividend of 33.22p per Ordinary Share on those Ordinary Shares for which you accept the SBC Cash Offer.

	Per Ordinary Share
Cash Dividend	22.6p
BZW Cash Offer	32.2p
SBC Cash Offer	33.22p

The SBC Cash Offer allows you to:

- obtain a fixed cash return, linked to the enhanced amount, independent of movements in B.A.T. Industries' share price
- sell your new Ordinary Shares arising under the Enhanced Share Alternative free of any commission or dealing costs
- receive your cash over two weeks earlier than by selling through a stockbroker or other agent for normal account settlement

The SBC Cash Offer represents a premium of 46.99 per cent to the cash dividend of 22.6p per Ordinary Share for 1992 and approximately 98 per cent of the amount of the Enhanced Share Alternative. This is an increase to the BZW Cash Offer, which represents a premium of 42.5 per cent to the cash dividend of 22.6p per Ordinary Share and approximately 95 per cent of the amount of the Enhanced Share Alternative.

The SBC Cash Offer can be accepted in respect of all or part of your entitlement to new Ordinary Shares thus giving you the opportunity to take your Enhanced Share Alternative in cash at the SBC Cash Offer price, new Ordinary Shares or a combination of both.

The SBC Cash Offer is conditional upon B.A.T. Industries proceeding with the Enhanced Share Alternative.

3. Acceptance

The SBC Cash Offer is only available to shareholders on the B.A.T. Industries register of shareholders as at 8 April, 1993 who:

- have elected or who will elect for the Enhanced Share Alternative (Form B completed and returned in accordance with the B.A.T. Enhanced Share Alternative) or have already lodged a Mandate to receive all future dividends in the form of new Ordinary Shares (Form A completed); and
- have not agreed to sell their new Ordinary Shares through their stockbroker or other agent or to BZW in accordance with the BZW Cash Offer (Form C).

To accept the SBC Cash Offer you must complete the SBC Form of Acceptance (Form D) (adjacent) in accordance with the instructions thereon. Form D must be returned to Swiss Bank Corporation, B.A.T. Industries' Enhanced Share Alternative, Swiss Bank House, 1 High Timber Street, London EC4V 3SB so as to be received by SBC no later than 12 noon Tuesday 11 May 1993.

4. Fractional Entitlements

Acceptance of the SBC Cash Offer will only be valid in respect of a whole number of new Ordinary Shares and will be rounded down to the nearest whole number accordingly. Any balance will remain part of a shareholder's entitlement under the Enhanced Share Alternative and will be satisfied by B.A.T. Industries in new Ordinary Shares and/or cash in accordance with the terms and conditions of the Enhanced Share Alternative.

5. Settlement

A cheque for the proceeds of sale under the SBC Cash Offer, together with a contract note (which you will need to retain for the purposes of UK taxation on capital gains), setting out details of the sale of your new Ordinary Shares under the SBC Cash Offer, will be posted to you on 27 May, 1993 at the address appearing on the B.A.T. Industries register of shareholders as at 8 April, 1993.

All documents (including cheques) sent to or by shareholders will be at the risk of shareholders concerned.

6. Taxation

UK resident shareholders who accept the SBC Cash Offer may incur a liability to capital gains tax (or corporation tax) depending on their own individual circumstances. If you are in any doubt as to your tax position you should consult your own professional adviser.

7. Overseas Shareholders

Shareholders who are residents, citizens or nationals of any overseas countries may be affected by the laws of the relevant jurisdictions. Such shareholders should seek advice and observe any applicable legal requirements including the obtaining of any governmental or other consents that may be required and the compliance with other necessary formalities. Overseas shareholders should note that settlement of the SBC Cash Offer will be by way of a cheque in pounds sterling.

8. U.S. Persons

Swiss Bank Corporation Investment Banking Inc., ("SBCI"), a U.S. registered broker/dealer is affiliated with Swiss Bank Corporation. Any U.S. persons reading this and wishing to take up this Offer should do so via the U.S. registered broker/dealer not SBC in London. This should be done by returning the completed Form D (adjacent) to SBCI at SBCI, B.A.T. Industries' Enhanced Share Alternative, 4th Floor, 222 Broadway, New York, N.Y., 10038. For further information telephone (212) 335 1160 if you are a U.S. person.

9. General

SBC is pleased to be able to provide B.A.T. Industries' shareholders with the opportunity to sell their new Ordinary Shares for a fixed cash return independent of B.A.T. Industries' share price movements, free of dealing costs and at a higher level than that offered by BZW on 19 April, 1993. SBC believes that its offer should be attractive to shareholders.

This advertisement has been issued and approved by SBC. SBC is a member of the Securities and Futures Authority and of the London Stock Exchange. SBC and/or other members of the SBC Group, their directors and/or representatives and/or employees and/or families may have a long or short position in the Ordinary Shares of B.A.T. Industries and may make and purchase and/or sell or offer to make a purchase and/or sale of any of the Ordinary Shares of B.A.T. Industries from time to time in the open market or otherwise in each case either as principals or agents.

SBC is acting solely on its own behalf in respect of its offer, is not providing investment advice to B.A.T. Industries' shareholders and will not be responsible to anyone for providing the protections afforded to customers of SBC. If shareholders are uncertain of how to react to this offer they should consult an independent financial adviser authorised under the Financial Services Act 1986.

For general information about the operation of the SBC Cash Offer please contact the SBC Information Line, telephone 071-711 4111.

Yours faithfully,

SWISS BANK CORPORATION

(A company limited by shares, incorporated in Switzerland.) A member of the Securities and Futures Authority and the London Stock Exchange.

This document is important. If you are uncertain how to deal with it you should consult an independent financial adviser authorised under the Financial Services Act 1986 immediately.

Swiss Bank Corporation

SWISS BANK CORPORATION ("SBC") – CASH OFFER TO PURCHASE NEW ORDINARY SHARES ARISING FROM THE B.A.T. INDUSTRIES' ENHANCED SHARE ALTERNATIVE

FORM OF ACCEPTANCE ("FORM D")

TO RECEIVE THE MAXIMUM AMOUNT OF CASH UNDER THE SBC CASH OFFER IN RESPECT OF YOUR NEW ORDINARY SHARES YOU NEED TO HAVE COMPLETED THIS FORM D AND HAVE RETURNED IT TO SBC AT THE ADDRESS BELOW BY NO LATER THAN 12 NOON, 11 MAY, 1993 AND TO COMPLETE OR HAVE COMPLETED FORM B AND RETURNED IT TO LLOYDS BANK REGISTRARS DEPARTMENT FOR RECEIPT NO LATER THAN 12 NOON, 11 MAY, 1993.

Box 1	Box 2	Box 3
Ordinary Shares of 25p each registered in your name. (You should complete this box by inserting the number of shares registered against your name as at 8 April 1993)	If you accept the SBC Cash Offer in respect of any or all of the shares shown in Box 1 (following your completion of it), this is the approximate value you will receive as an alternative to the cash dividend of 22.6p	Complete this box if you wish to accept the SBC Cash Offer on a lesser number of shares than that shown in Box 1 (or the number of shares on which you made your election if fewer) – state the number of shares on which you wish to accept.
	33.22p per share	

This form should be read in conjunction with the adjacent letter from Swiss Bank Corporation ("SBC") dated 6 May, 1993.

If you wish to accept the SBC Cash Offer in respect of the whole or any part of your entitlement to new Ordinary Shares, you must complete and sign this form and return it to **Swiss Bank Corporation, B.A.T. Industries' Enhanced Share Alternative, Swiss Bank House, 1 High Timber Street, London EC4V 3SB**, so as to be received no later than 12 noon, 11 May 1993. This form is invalid unless you submit or have submitted a valid Form B to Lloyds Bank Registrars Department by 11 May, 1993.

If you do not specify in Box 3 the number of Ordinary Shares in respect of which you are accepting the SBC Cash Offer or if you make an acceptance with respect to a greater number of Ordinary Shares than that shown in Box 1 (or on which you made your election for the Enhanced Share Alternative if fewer) your acceptance will be deemed to be in respect of all the Ordinary Shares shown in Box 1 (or on which you made your election for the Enhanced Share Alternative if fewer). In the event of doubt as to how a Form of Acceptance has been completed the decision of SBC will be final.

All enquiries concerning this form should be made to Swiss Bank Corporation (Telephone 071-711 4111).

To the Directors of SBC

I/We the undersigned being shareholder(s) of B.A.T. Industries hereby irrevocably accept, in respect of the number of Ordinary Shares shown in Box 1 above, or, if less, the number of Ordinary Shares shown or deemed to be shown in Box 3 above, the SBC Cash Offer on the terms and conditions of the letter from SBC dated 6 May, 1993 and:-

(a) irrevocably authorise any person nominated by SBC to execute a transfer or transfers, in my/our name(s) and/or on my/our behalf, of such shares and any other document deemed necessary or expedient to give effect to the SBC Cash Offer; and

(b) irrevocably authorise the B.A.T. Industries' Registrar, Lloyds Bank Plc, to hold the share certificates in respect of my/our new Ordinary Shares to the order of SBC.

I/We hereby authorise you to send by first-class post a cheque for the sum due under the SBC Cash Offer in respect of any new Ordinary Shares on which I/we have accepted the SBC Cash Offer. Cheques will be sent and made payable to the first named shareholder in the case of a joint shareholding.

(1) Signature .... Name in full (BLOCK CAPITALS) Dated 1993

Address ....

(2) Signature ....(3) Signature ....(4) Signature ....

.... Name in full (BLOCK CAPITALS) .... Name in full (BLOCK CAPITALS) .... Name in full (BLOCK CAPITALS)

In the case of joint holders ALL must sign. In the case of a Corporation this form should be executed under common seal or be signed by a duly authorised official, whose capacity should be stated.

If you have already accepted the BZW Cash Offer by completing and returning the irrevocable Form C you will not be eligible to accept the SBC Cash Offer.

In the event that the B.A.T. Industries' Registrar receives both Forms C and D completed in respect of the same shareholding, B.A.T. Industries' Registrar will disregard Form D. Copies of this form will not be acceptable.

GENERALE

SOCIETE GENERALE DE BELGIQUE

Société Anonyme

Incorporated in Brussels by Royal Decree dated 28 August 1822
Registered Office: 30 rue Royale, 1000 Brussels
Trade Register Number: Brussels 17487

The Board of Directors is pleased to invite shareholders to assemble at the Company's registered office, rue Royale 30, Brussels on **Wednesday 19 May 1993 at 10.30 am. for the ordinary general meeting**, in accordance with the terms of Article 22 of the Memorandum and Articles of Association, to vote on the following agenda:

AGENDA

1. Board of Directors' special report and Auditors' report, drawn up for cases of duality of interest.
2. Board of Directors and Auditors' reports for the 1992 financial year.
3. Approval of the Company's annual accounts:
   Proposal to approve the annual accounts as at 31 December 1992, including the distribution of a gross dividend of BEF 112 to non-AFV shares and of BEF 117 to AFV shares.
4. Discharge to members of the Board of Directors and to the Auditors:
   Proposal to discharge members of the Board of Directors and the Auditors from performance of their functions during the 1992 financial year.
5. Elections according to the Memorandum and Articles of Association:
   Proposal to elect Mr Jean ARVIS, as director.

In order to attend this meeting, shareholders should, in accordance with the terms of Article 19 of the Memorandum and Articles of Association, deposit their shares at the Company's registered office by Wednesday 12 May 1993 at the latest, or at one of the following banks:

In Belgium	:	Generale Bank
	:	Banque Indosuez Belgique
In France	:	Banque Indosuez
In Luxembourg	:	Banque Générale du Luxembourg
In Switzerland	:	Crédit Suisse
	:	Société de Banque Suisse
	:	Union de Banques Suisses
In Germany	:	Deutsche Bank
	:	Generale Bank & Co

Without prejudice to the terms of Article 74, § 2, para 2 and § 3 of the coordinated laws on commercial companies, shareholders who wish to be represented should use the form of proxy which is available on request. All proxies should reach the Company's registered office as soon as possible and by Monday 17 May 1993 at the very latest, which date was laid down by the Board of Directors in accordance with the terms of Article 20 of the Memorandum and Articles of Association.

Brussels, 28 April 1993

G. MESTRALLET E. DAVIGNON

COMPANY NEWS: UK

Several potential purchasers involved, but no offer made as yet

Costain in housing sale talks

By Andrew Taylor, Construction Correspondent

COSTAIN, the heavily borrowed UK construction group, has received approaches from several potential purchasers for its loss-making UK housebuilding operations.

The company confirmed yesterday that talks had taken place, but said it had still to receive an offer for the business.

Up to half a dozen companies are though to be interested, including Redrow, the privately-owned housebuilder and construction group.

Mr Steve Morgan, Redrow's chairman, declined to comment on the speculation, but his company is thought to have been given until next week to submit a formal offer for the UK housebuilding operations.

Ashley Ashwood
Peter Costain: needs the proceeds to reduce large borrowings

Costain needs the money to reduce its large borrowings.

It recently sold its Australian mining operations to Peabody Resources, part of Hanson, the Anglo-American conglomerate, in a deal worth £198m.

Despite this, Costain still had borrowings of almost £153m at the beginning of April, equivalent to 96 per cent of shareholders' funds.

Mr Peter Costain, chief executive of the company, which incurred a £149m pre-tax loss last year, wants to reduce its involvement in UK housebuilding to concentrate on its core businesses of UK and international construction and US coal mining.

It has made no secret of the fact that it would sell the UK housing operations at the right price.

Costain's residential and commercial property businesses last year reported an operating loss of £7.1m, against a £14.6m deficit in 1991.

The value of its housing land was written down by a further £49.5m, following sharp falls in house prices.

The company owns about 2,000 housing sites, with an average value, after write-downs, of £11,000 each. This would indicate a sale value for the UK housing operations of between £20m and £30m.

Last year slightly more than 400 homes were built, with an average selling price of £57,000, generating annual turnover of almost £23m.

The recent improvement in house sales has encouraged a revival in interest in acquisitions and purchases of land by housebuilders wishing to expand their operations.

This is thought to have prompted the flurry of interest in Costain's housing operations, which operate in south-east England. They suffered as a result of investing heavily in land in the late 1980s as the housing market moved into recession.

NEWS DIGEST

Copymore declines by 48%

A FURTHER decline at Copymore in the second half saw profits for 1992 reduced by 48 per cent from £1.02m to £536,000 before tax. This followed the first half slip from £606,000 to £506,000.

In view of the profit drop, the USM-quoted office automation and equipment distributor has not paid a final dividend. This leaves the year's total at 1p, against 2.7p.

Sales rose to £30.4m (£28.4m). Earnings were lower at 3.3p (5.9p).

The company said that there were "recessionary conditions in our core photocopier and laser printer markets."

As a result of a £482,000 downward revaluation of freehold property and writing off almost £700,000 in acquisition goodwill, the year-end debt-equity ratio increased to 184 per cent

Branches lift MMT Computing 22%

The branch companies of MMT Computing helped to take up the slack of its London operations in the first half and the USM-quoted software house achieved another profits rise.

On sales of £3.17m (£3.01m) from continuing operations the pre-tax figure increased 22 per cent from £712,000 to £865,000 in the six months to February 28.

The interim dividend is lifted 14 per cent to 1.25p (1.1p). Earnings per share came through at 4.8p (3.9p)

The share price added 6p to 115p.

Asset growth at First Ireland

Over the year to March 31 First Ireland Investment saw net asset value rise 26.6 per cent in sterling terms.

In Irish currency the increase was 17.4 per cent, which compared with a rise of 10.6 per cent in the Irish equity market.

Total revenue rose to £1.33m (£1.03m) and net outcome to £505,000 (£389,000). Earnings per share came to 1.7p (1.3p) and the single dividend is lifted to 1.44p (1.18p).

22% rise at James Smith Estates

James Smith Estates, the USM-traded property investment group, lifted pre-tax profit by 22 per cent in the year to March 24, from £1.19m to £1.45m.

That was despite a provision for bad debts of £39,000 included in administrative expenses; without that those expenses rose only 2 per cent.

Earnings per share moved up from 5.1p to 6.3p, and the final dividend is 2.8p for a total of 4.2p, against 3.75p.

Properties have been revalued by the directors at £24.1m, a decline of 12 per cent over the year.

Titon edges ahead as sales pick up

Titon Holdings, the USM-quoted manufacturer of ventilation products, reported profits of £1.05m pre-tax for the six months to March 31.

The outcome, achieved on turnover of £5.69m (£5.38m), compared with £942,000 last time and £1.94m for the full-year to end-September.

Directors said the last two months of the first half had shown a "marked" increase in sales.

The interim dividend is lifted to 1.3p (1.13p), payable from earnings of 6.49p (5.82p) per share.

Maple Leaf Inns acquires 20 pubs

Maple Leaf Inns, a joint venture company launched last year by Pubmaster, the independent pub retailer, and Labatt, the Canadian brewer, yesterday announced that it had bought 20 pubs – 15 from Scottish & Newcastle and five repossessed pubs from Allied Irish Bank – to increase its estate to 179 pubs nationally.

Mr John Brackenbury, chairman, said that the company, which has already doubled in size this year, planned further acquisitions.

Capital gains boost Highcroft Trust

Pre-tax profits of Highcroft Investment Trust rose from £1.06m to £1.26m over 1992. The year included capital profits and the comparison has been adjusted.

Dividends and interest came to £223,000 (£233,000) and net rental income was £838,000 (£808,000). Net taxed capital profits of £276,000 (£184,000) have been taken to reserve.

Earnings per share, including capital profits, rose to 16.9p (14.3p). The final dividend is 3.1p to make 4.9p (4.5p).

Properties were revalued at December 31 at £10.8m, and the deficit of £1.35m went to revaluation reserve.

London American capital repayment

London American Ventures Trust is recommending implementation of the reduction of capital proposed in the circular of November 1991.

Subject to approval that would result in the repayment of 25 per cent of ordinary shareholders' funds, redemption of the debentures and repayment of preference shares.

Following Court sanction, payment would be expected in July.

Net asset value per ordinary share rose to 74.4p, from 70.9p a year earlier.

In 1992-93 total income was £718,000 (£780,000) but there was a net loss of £14,000 (£55,000).

Losses per ordinary share were halved to 0.08p.

Laser-Scan back to profitability

A strong performance in the second half returned Laser-Scan Holdings to profitability in 1992.

Pre-tax profit for the year was £80,000, after losses of £408,000 in the opening half and £83,000 for the whole of 1991.

Earnings per share worked through at 0.5p (losses 0.5p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends.

Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interim- Butte Mining.

Finals- BDA, Cooper Clarke, Maddox, Prowting, Radiotrust, Select Appointments.

FUTURE DATES

Interims-	
Kunick	May 19
Leeds	May 19
Mining & Allied Supplies	May 14
Westland	Jun. 1
Finals-	
Abtrust New Thai Inv Tst	May 13
Allied Colloids	Jun. 8
Appleby Westward	May 14
Ocean Wilsons	May 21
Vodafone	Jun. 7
VSEL Consortium	Jun. 3
Whitbread Investment	May 12

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 07.05.93: Pool purchase price £/MWh	Final Prices for Trading on 05.04.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	24.01	18.03	18.03
0100	18.54	30.00	30.00
0130	24.26	30.00	30.00
0200	24.26	78.00	83.97
0230	24.26	32.84	36.83
0300	18.67	32.84	36.74
0330	19.00	32.84	36.71
0400	18.67	23.99	27.58
0430	18.64	23.52	27.13
0500	18.53	18.63	18.63
0530	18.51	18.12	18.12
0600	18.51	18.12	18.12
0630	18.54	18.07	18.07
0700	24.11	18.04	18.04
0730	26.25	18.12	18.12
0800	26.16	18.14	18.14
0830	26.87	25.18	28.81
0900	26.91	25.24	28.89
0930	26.93	25.18	28.85
1000	26.93	25.24	28.90
1030	26.92	25.47	29.13
1100	26.91	28.15	31.90
1130	26.94	28.16	31.90
1200	32.80	28.35	32.11
1230	32.77	31.58	35.44
1300	26.30	31.58	35.45
1330	26.26	28.36	32.13
1400	35.00	26.23	29.95
1430	35.00	18.11	18.11
1500	35.00	18.09	18.09
1530	25.12	18.11	18.11
1600	25.12	18.11	18.11
1630	25.12	18.12	18.12
1700	35.00	25.47	29.16
1730	35.00	28.35	32.13
1800	35.00	28.35	32.13
1830	35.00	26.23	29.93
1900	25.12	18.63	18.63
1930	24.70	18.56	18.56
2000	24.70	26.23	29.96
2030	24.70	35.81	39.74
2100	24.70	35.81	39.73
2130	38.43	35.81	39.78
2200	38.43	31.36	36.20
2230	38.43	34.00	37.93
2300	24.11	34.00	37.97
2330	24.11	18.56	18.56
2400	23.48	18.07	18.07

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday

NGC Settlements Limited

COATS VIYELLA FINANCE N.V.

(incorporated in the Netherlands Antilles with limited liability)

NOTICE OF AN ANNUAL GENERAL MEETING OF SHAREHOLDERS

In accordance with the Articles of Incorporation of Coats Viyella Finance N.V. (the "Company"), notice is hereby given that an Annual General Meeting of Shareholders will be held at the registered office of the Company at De Ruyterkade 62, Curaçao, Netherlands Antilles on May 31st, 1993 at 10:00 a.m.

The agenda of the Annual General Meeting is deposited at the office of the Company at De Ruyterkade 62, Curaçao, Netherlands Antilles, for inspection by the shareholders:

Dated: 7th May, 1993
Registered Office
De Ruyterkade 62
Curaçao
Netherlands Antilles

BY ORDER OF THE BOARD OF MANAGING DIRECTORS
M.H.P. MERKIES

Voting and Attendance

Each Common share of the Company entitles the holder thereof to cast one vote.

Holders of the 7¼ Guaranteed Redeemable Convertible Preference Shares 2004 of the Company are entitled to attend the Annual General Meeting and to address the Meeting but have no rights to vote thereat.

All Resolutions of the Annual General Meeting of Shareholders shall be adopted by a simple majority of the votes cast.

Shareholders may be represented at the Meeting by a proxy empowered in writing.

VON ERNST GLOBAL PORTFOLIO

(formerly Hill Samuel Global Portfolio)
SICAV
Luxembourg, 11, rue Aldringen
R.C. Luxembourg N° B 29386

Notice to the Shareholders

At the Annual General Meeting held on April 30, 1993, the shareholders decided the payment of a dividend for the following compartments of the Sicav:

Global Bond	US$	0.40 per share
European Fixed Interest	DM	0.35 per share
Sterling Fixed Interest	£	0.48 per share

The dividends will be paid on May 10, 1993 to shareholders on record on April 30, 1993 against remittance of coupon N° 5. The shares will be quoted ex-dividend as from May 3, 1993.

Paying Agent: Kredietbank S.A. Luxembourgeoise
43, boulevard Royal, L-2955 Luxembourg

In conformity with the resolution taken at the Extraordinary General Meeting of April 30, 1993, held after the Annual General Meeting, which will be published in the Mémorial C of June 7, 1993, the denomination of the Sicav has been changed into Von Ernst Global Portfolio.

The share certificates are to be presented at the counters of Kredietbank S.A. Luxembourgeoise, 43, boulevard Royal, L-2955 Luxembourg, as from June 1, 1993 for being stamped.

As from July 1, 1993, unstamped certificates are no longer of good delivery at the Luxembourg Stock Exchange.

By order of the Board of Directors

The RTZ Corporation PLC
NOTICE
To Holders of Warrants to Bearer

ORDINARY SHARES OF 10p EACH

NOTICE IS HEREBY GIVEN THAT a Final Dividend of 13.5p per Share will be paid on 20 May 1993 in respect of the year ended 31 December 1992.

Payment of this dividend will be made after presentation of Coupon No. 68 at any of the undermentioned offices of payment.

Please note that if you have lodged coupon No 68 in connection with the Enhanced Scrip Dividend Alternative this notice does not apply

3.5% "B" CUMULATIVE PREFERENCE SHARES OF £1 EACH

NOTICE IS HEREBY GIVEN THAT a dividend of 1.75p per Share will be paid on 1 July 1993 in respect of the half-year ending 30 June 1993.

Payment of this dividend will be made after presentation of Coupon No. 62 at any of the undermentioned offices of payment.

OFFICES OF PAYMENT

The RTZ Corporation PLC (Registered Office) 6 St. James's Square, London SW1Y 4LD

The RTZ Corporation PLC (Transfer Office) Central Registration Limited, 1 Redcliff Street, Bristol BS1 6NT

Generale de Banque, 3 Montagne du Parc, 1000 Brussels, Belgium

Banque Bruxelles Lambert S.A., 24 Avenue Marnix, 1000 Brussels, Belgium

Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg

Banque Generale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg

Union Bank of Switzerland, Bahnhofstrasse 45, CH 8021 Zurich, Switzerland

Societe de Banque Suisse, CH 4002 Basle, Switzerland

Credit Suisse, Securities Operations, Dept. KWVZ, Postfach 890, 8021 Zurich, Switzerland

Under the imputation tax system in force in the United Kingdom these dividends will be payable without deduction of United Kingdom Tax and for Shareholders resident in the United Kingdom will carry a tax credit equal to 20 per cent of the aggregate of the dividend plus the tax credit. Where a double tax agreement so provides, Shareholders resident outside the United Kingdom will obtain a tax credit, against which some United Kingdom Tax may fall to be offset.

Coupons, which must be listed on special forms, which can be obtained on or after Monday 10 May 1993 at any of the above offices, may be deposited on or after Monday 10 May 1993. Coupons presented for payment in the United Kingdom must be left FIVE CLEAR DAYS for examination

Shareholders should note that under the Company's Articles of Association provision is made for the forfeiture of the above dividends if not claimed within 12 years from the date of declaration.

6 St. James's Square, London SW1Y 4LD
5 May 1993

By order of the Board
J. S. BRADLEY Secretary

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(International edition only)

THE MEDITERRANEAN FUND LIMITED
International Depositary Receipts
issued by
Morgan Guaranty Trust Company of New York

NOTICE IS HEREBY GIVEN to the IDR-holders that the Mediterranean Fund declared a distribution of USD 0.63 per share. The record date of this dividend is 29th April 1993.

As of 18th May 1993, payment of coupon number 3 of the International Depositary Receipts will be made in US Dollars at the rate of USD 6.30 per IDR.

This dividend has suffered a deduction of 20% UK income tax.

Payment will be made at one of the following offices of Morgan Guaranty Trust Company of New York:

- Brussels, 35 Avenue des Arts
- London, 60 Victoria Embankment
- Frankfurt, 46 Mainzer Landstrasse
- Zurich, 38 Stockerstrasse

Depositary: Morgan Guaranty Trust Company of New York
35 Avenue des Arts
B-1040 Brussels

This announcement appears as a matter of record only *March, 1993*

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JOBS: While companies are certainly de-layering, there's little hard evidence of empowerment

Prime victims of the recessional axe

"HOPE springs eternal in the human breast," quoth Alexander Pope. And in the case of Susan Mantell of Manchester at least, there is no doubt that he was right.

Ms Mantell declares herself fed up with the Jobs column's "undue pessimism" in its writings on the Laws of Organisational Stupidity. Her charge is not against the laws themselves, which denote certain patterns of lunatic events that regularly bedevil all types of organisations everywhere.

What miffs her is my claim that, while some organisations occasionally succeed in breaking the patterns, managements in general have failed to counter such idiocies. Not so!, she says, and cites an example she insists is now being widely eradicated.

The point she picks on is an explanation often mooted for the workings of the best known of the laws, Parkinson's First, stating: *Work expands to fill the time available*. The explanation is that the said phenomenon is rooted in the hunger for personal power, which psychological tests have shown to be typically pronounced in people who become managers.

A time-honoured way to gain power in organisations is by empire-building, acquiring more and more subordinates. When there's not enough productive work for them to do, as is apt to be the case, they justify their position by creating unnecessary tasks for one another.

Moreover such of them as lust for power also strive to acquire underlings for themselves. Hence each rank of management tends to form another rank below it, continually inserting further and successively less productive layers of supervision between the top decision-makers and the shop-floor where the work of serving the customer actually gets done.

Now Susan Mantell does not deny that empire-building has been rife in the past. But she does claim that it is being reversed wholesale by the conjunction of two trendily named processes. One is "de-layering", throwing out entire layers of management between the top bosses and the shop-floor. The other is "empowering" in which the power formerly held by the scrapped middle ranks is handed to the folk directly making, selling and delivering the product.

Is the Jobs column too senile to have noticed same, she asks.

Well, I've certainly observed the delayering element. But it would be wrong to claim that the ranks so eliminated have in every case been those in the middle.

A counter-example is to hand in Britain's local authorities. As their supplies of taxes have been squeezed, many have just cut the bottom layer, hiving off services they once provided, and keeping the bureaucratic superstructure.

That would not have surprised the law's originator, Professor Northcote Parkinson. After all, he pointed out that officials will find ways to keep increasingly occupied even if there is no necessary work to do whatsoever.

For instance, although some authorities have tried to prune the middle by encouraging people to leave voluntarily, they have thereby probably invoked the first of the two laws of organisational stupidity governing payroll cuts. Called Evans's Ejector, it states: *After any voluntary redundancy exercise, the number of staff needed to achieve a given output will be larger than before.* And the reduction of direct links with the consumer has no doubt reinforced another law, Schein's Syndrome: *Internal politics flourish at the customer's expense as exposure to the market decreases.*

True, in companies which are market-dependent the delayering has been largely in the middle, and the reverse of voluntary. Even so, while avoiding the effects of the Ejector, it has probably invoked the second law governing staff cuts. But before I state it, let's look at the sort of people most likely to have been in the scrapped middle-ranks, with the aid of the chart below.

Borrowed from the American psychologist Albert Bernstein's book Neanderthals at Work (Wiley, £12.95), it summarises the characteristics of three readily recognisable types of worker.

As may be seen, it suggests that middle management is mainly the province of Believers. And the likelihood that it is they who have mostly gone in the de-layering is plain from the second law on staff-cuts, Carew's Axe: *In any compulsory redundancy exercise, meekness will be punished before uselessness.*

If so, the economies in head-counts will not necessarily work to the corporate benefit. For the Rebels below and the Competitors on top will no longer have their individual proclivities moderated by such a strong co-ordinating force of Believers who, as Dr Bernstein says, "do – and take pride in doing – the hundred million tasks that have to be done every day."

True, the Believers can't all have been thrown out, for as he also says: "the corporate world would collapse without them." So the cuts in their numbers might be counter-acted if companies were really accompanying the de-layering, as Ms Mantell believes, by empowering the Believers they have left.

Alas I do not see much chance of that happening as long as company promotion systems go on awarding the highest posts mostly to Competitors. After all, empowerment requires bosses from the boardroom downwards to cede decision-making authority to their subordinate teams.

That conflicts with the very nature of Competitors who see a good team-worker as someone who does precisely as they say. It is solely the Believers who are given to devolving authority. So little real empowerment would seem likely until companies start preferring them for the top jobs.

But I can see no hard evidence that such is taking place. The only independent studies of the topic I wot of–by Lynda Gratton of London Business School–show that even groups claiming to be dedicated devolvers still systematically promote Competitors to the commanding heights.

Accordingly, since they are also the prime empire-builders, I cannot share Ms Mantell's faith. Far from being accompanied by empowerment, the de-layering will most probably just be followed by re-layering once the pressure on costs eases again.

Michael Dixon

BERNSTEIN'S THREE BASIC TYPES OF WORKER

Rebels: Technically expert and often creatively intelligent, they're indispensable in crises. Highly motivated to do things they like, but despise routine duties such as paperwork. They therefore rarely rise above junior rank.

Believers: Work unstintingly and well without fuss even at tasks they dislike, and their straight-dealing makes them highly motivating managers to work for. But in their faith that hard work is enough to bring its just reward, they are blind to the need to play politics, so seldom rise beyond middle management.

Competitors: Dedicated to winning personally. They're quick to spot how the company system really works as distinct from how it's officially supposed to, and manipulate it to serve their own ambitions regardless of the best interests of the company. Most likely to rise to the top.

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Please contact Jan Perrin on 071-623 1266.

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- build good working relationships with senior line management and sales staff, actively promoting the role of compliance.

Aged at least 30, candidates will be graduates with an appropriate professional qualification. Relevant experience of the compliance function and detailed knowledge of SIB, IMRO and LAUTRO regulations are essential. Ideally, applicants will have had significant exposure to compliance issues relating to both retail and institutional fund management. Important personal attributes will include a high level of integrity, well developed interpersonal skills and a constructive approach to seeking solutions.

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Clarebell House, 6 Cork Street, London W1X 1PB. Telephone: 071 287 2820
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Please write, with full cv and current salary details, to: Mrs S. Shirley, Personnel Manager, NatWest Securities, 135 Bishopsgate, London EC2M 3UR.

NATWEST SECURITIES
NatWest Markets

Senior General Manager Flight Operations
DUBAI

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Senior General Manager Human Resources (Ref: sgmfo),
Emirates,
P. O. Box 686,
Dubai, United Arab Emirates.

Emirates

CFO

Experienced individual sought as Chief Financial Officer for new London office of highly capitalised, international derivatives trading/market-making firm. Exceptional regulatory/ compliance knowledge, ability to build back-office team a must.

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Real ability is more important than any specific career profile. You may have worked initially in the economics department of a financial company, but after several years of purely analytical work, found life too dull. Recent experience probably includes more direct client contact, resulting in a desire to find a bigger challenge and a development opportunity.

You may be about 30-35, although age is far less important than the right blend of skills. A high level of numeracy is essential, demonstrated by a good degree in economics or mathematics. *While you may not currently be in a sales or* marketing role, the appropriate skills must be readily identifiable. Personal qualities will include outstanding ability as a communicator.

If you are interested, you should write to:

The Marketing Director
Quorum Capital Management Limited
Austin Friars House
2-6 Austin Friars
London EC2N 2HE

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ACCOUNTANCY COLUMN

Still too many variations for global harmonisation

Andrew Jack looks at the continuing diversity of international accounting and auditing practice

NUMBERS MAY not have quite the same visual power as drawings, but a recently published reference work is probably the nearest thing yet to the accountants' equivalent of an atlas of the world.

The third edition of international accounting and auditing trends from the US-based Centre for International Financial Analysis and Research (Cifar) runs to 1,200 pages over two volumes in its portrayal of a widely varying global pattern.

Perhaps the most impressive effort of the study is an exercise in re-stating companies' accounts according to different standards to highlight this variation.

German and Japanese figures, it says, tend to under-report earnings and book values because of accelerated depreciation policies and unrestricted provisions.

Recalculating the figures of several companies from each country according to standards recommended by Cifar, German businesses' net income rises on average by 44 per cent, book value by 41 per cent and the price/earnings ratio falls 35 per cent.

For Japanese businesses, the corresponding figures are increases of 12 per cent and 14 per cent, and a decline of 42 per cent respectively.

That pattern is borne out by the stated comparatives provided in a relatively small number of accounts – most notably those publishing under US Generally Accepted Accounting Principles (GAAP) alongside those of their own country.

Changes to net income: effect of restatement to common standards

	%
Belgium	9
France	6
Germany	44
Italy	11
Japan	12
Sweden	60
Switzerland	-8
UK	4

Source: Cifar, 1989 reports

For example, SmithKline Beecham reports net income of £638m under UK and £474m under US GAAP for 1991. The figures for shareholders' equity are £743m and £4,113m respectively. Volvo reports net income of (Kronor) SKr682m under Swedish and Skr816m under US GAAP, with shareholders' equity of Skr33,864m and Skr29,494m respectively.

For an average of eight Japanese electronics companies which reported purely under Japanese accounting standards, operating margins were 6.31 per cent and price/earnings 41.42. For another comparable group which also provided figures under US GAAP, the recast numbers were 9.03 per cent and 26.33.

But these analyses are not easy, partly because of questions over the "neutral" standards by which the numbers are normalised, and partly because the level of disclosure and treatment of figures in companies' accounts varies tremendously between different countries.

Based on its databases and a collection of some 25,000 annual reports, Cifar puts the *spotlight on those which have* seen the benefit of *glasnost*, and those still with a rusting iron curtain firmly wrapped around them, reluctant to let any treacherous numbers sneak into the public domain.

The form and content of annual reports varies widely around the world. The most comprehensive and relevant data of industrial companies comes from Australia, Canada, France, Ireland, New Zealand, Scandinavia (except Denmark), South Africa, the UK and the US.

There was below-average disclosure in Austria, Belgium, Denmark, Germany, Italy, Japan, the Netherlands and Spain.

Cifar concludes that the main influence on disclosure is the pattern of ownership and the scope of companies' operations – shareholders or activities across borders.

In reviewing accounting standards, Cifar identifies wide variations. One of the most inconsistently applied is depreciation, with the definition of the "economic life" of an asset varying between five and 20 years. Variations in the treatment of goodwill vary from reducing shareholders' equity, through to amortisation over any period from 5 to 40 years.

Different standards make it difficult to examine other items in accounts across borders, such as the cost of goods sold, expenses, fixed assets, deferred income taxes and retained earnings. Failure to consolidate and the use of multiple classes of shares also hinder comparisons.

In reviewing accounting standards, Cifar identifies wide variations. One of the most inconsistently applied is depreciation, with the definition of the 'economic life' of an asset varying between five and 20 years

Cifar also attempts to summarise the principal accounting and auditing issues being considered by standards-setters. The Nigerians are looking at accounting in the petroleum industry; the French at financial reporting for political parties and groups; and the Germans at issues concerning the integration of the former East Germany, considering the audit of opening balance sheets of companies managed by the Treuhand, and accounting for deferred taxes in former socialist housing corporations.

Yet again, there are few consistent patterns, suggesting little prospect of harmonisation among accounting standards-setters and international accounting standards. "Every group is looking inwards and seems not ready for any serious attempts at global harmonisation," the report says.

One thing does remain almost constant around the world: the dominance of the "Big 6" accounting firms. Their rankings may vary, but the shifts are among the mega-firms rather than between them and others in the next tier. The profession is also still highly concentrated. Partners in the UK, US and Canada make up more than half of all partners and 34 per cent of all offices around the world.

None the less, the survey suggests that three clusters are emerging among these firms, with KPMG Peat Marwick and Ernst & Young leading; Deloitte Touche Tohmatsu and Coopers & Lybrand in the next tier; and Arthur Andersen and Price Waterhouse in the third.

Contrary to any suggestions that the dominance of the Big 6 has created an oligopoly, the Cifar analysis argues that the audit market remains highly competitive. Audit fees as a proportion of sales or assets have remained virtually constant during the period 1987-91, stable at 0.022 per cent in the UK and 0.026 per cent in Australia, for example. They do vary between countries, going as low as 0.001 per cent in 1991 in Pakistan and as high as 0.045 in South Africa.

But Cifar is not complimentary about the standard of audit reports around the world. The report reproduces a series of statements, which are often unclear, make vague references to auditing standards and give little indication of the work undertaken.

"There has been no improvement in auditors' reports," says Mr Vinod Bavishi, Cifar's editor in chief. "I cannot figure out the bad from the good reports. The accounting profession needs to get this under control."

International accounting and auditing trends. 3rd edition, 1993. Centre for International Financial Analysis and Research, 211 College Road East, Princeton, New Jersey 08540. USA. $345 plus tax and shipping.

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BBC BBC BBC

Business Analyst, Resources, Regions

BBC Resources

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FINANCIAL TIMES

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THE ROLE

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THE QUALIFICATIONS

- A fully qualified accountant with complete fluency in German.
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Finance Manager

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Candidates should be graduate qualified accountants with a minimum of two years PQE, who can demonstrate above average intellect, excellent interpersonal skills and accelerated career development to date.

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Mike Morris is a journalist by profession. He joined ITN in 1965 and rose to the position of Foreign Editor He then joined the management team of ITN and occupied a number of line management jobs including Head of Production. In this role, Mike Morris became increasingly involved in industrial relations which led to his appointment as Director of Personnel and Industrial Relations in 1987

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Chinese sales give copper price another battering

By Kenneth Gooding, Mining Correspondent

COPPER PRICES took another battering yesterday as Chinese selling pushed them down to $1,750 a tonne or 79.40 cents a lb on the London Metal Exchange, their lowest for five and a half years.

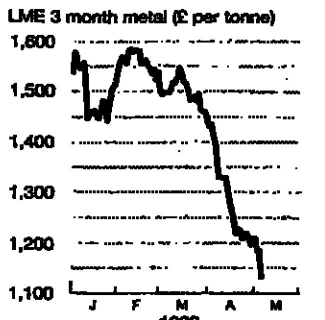
The collapse in copper, the most heavily traded metal, has been swift and dramatic. In the past month the price has plummeted by more than 19 per cent from $2,170 a tonne or 98.45 cents a lb. At the beginning of the year it was about $2,400.

"The copper price has been far too high. In recessions metal prices should go down. But speculative activity and nervousness about possible big interruptions to supply kept copper high. Copper producers have been making lots of money when in their cyclical business they should have been losing money," pointed out Mr Stephen Briggs, analyst at the Metals & Minerals Research Services consultancy organisation.

LME stocks had now built up to a nine-year peak of 392,325 tonnes to give a buffer against disruptions, he added. Mr Briggs suggested copper producers would suffer in the future because high prices had encouraged new capacity so

Copper

LME 3 month metal (£ per tonne)



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copper would not benefit as much as some other base metals as the world economy recovered.

"That is not to say that the price will remain at 80 cents [a lb] or below for the foreseeable future – it just won't see $1.50 as some have been suggesting."

Mr Briggs said copper prices were unlikely to fall much below 70 cents a lb or $1,543 a tonne. "The big issue now is whether there will be production cuts. Some medium-sized and small producers in Australia and Canada will be really hurting at today's prices. But we know from recent experience in the aluminium, zinc and lead industries that people will stare at terrible prices for a long time before taking any action."

A key element in copper's fall has been the switch by the Chinese from being big buyers of the metal to being substantial sellers. Mr Ted Arnold, analyst at the Merrill Lynch financial services group, pointed out: "Many metal-using Chinese enterprises have become very cautious about their buying programmes over the last few months because of the fall in their currency, the renminbi, against the US dollar. This caution has fed through to the Chinese merchants operating in the world market. They cannot hedge the renminbi against the dollar and are increasingly restricting their purchases to a hand-to-mouth basis."

Copper for delivery in three months on the LME closed only slightly above the day's low last night at $1,756 a tonne (79.7 cents a lb). In sterling terms, three-month copper closed at £1,133.50 a tonne, down £52.

● Westmin Resources has declared force majeure on zinc and copper concentrates from its Myra Falls mine as a result of a labour dispute, reports Reuter from Vancouver. The Vancouver Island mine last year produced 68,000 tonnes of copper concentrate and 59,000 tonnes of zinc concentrates.

Cargill's Indian salt plan arouses bitterness

Local producers do not relish multinational competition, writes Shiraz Sidhva

ON MAY 17, thousands of activists, politicians, trade unionists and salt farmers will brave the scorching sun and march to a piece of flat marshy land in Kandla port, on the west coast of India's Gujarat state, to protest against the government's decision to allow Cargill, the giant US multinational, to set up a salt manufacturing unit there.

Encouraged by India's new economic liberalisation programme, Cargill Southeast Asia obtained an approval from the government's Foreign Investment Promotion Board last August to set up a 100 per cent export-oriented unit to produce 1m tonnes of high-quality sun-dried or solar industrial salt a year.

Cargill, the US-based multinational company, produces 5m tonnes of salt a year at its plants in Western Australia and San Francisco. But with Australia and Mexico expected to be unable to satisfy future world demand the company is seeking extra production capacity. Cargill has also been given permission to build a $25m loading jetty, capable of loading 10,000 tonnes of salt a day, compared with loading capacity of 1,000 to 2,000 tonnes a day at other Gujarat docks.

The multinational's first obstacle was the strident objection to the project by the Kandla Port Trust authorities, after experts had expressed concern that salt farming and the operation of a private jetty would compound the heavy silting problem that the port faced, posing a serious threat to the functioning of the port. Despite the Gujarat state government's objections, the surface transport ministry in Delhi insisted on allotting the land to Cargill; the government even considered amending the Major Port Trusts Act of 1963, which forbids the construction of private jetties in port areas, to clear the way for the Cargill project.

The island of Satsaida Bet, created by a system of interconnected creeks, is perfect for the setting up of salt pans, but the silting could cause major technical and ecological problems. Earlier proposals from local salt manufacturers to convert the area into salt pans have been rejected on the ground that the port's master plan recommends that no commercial activity be allowed on the island to conserve the hydrographic features needed for a proposed Rs100m ($3.2m) tidal power project.

The Kutch Small Scale Manufacturers' Association, which is worried that the advent of international competition will adversely affect its members (the Gujarat-Kutch belt accounts for 80 per cent of the country's salt production), has filed a case against Cargill Southeast Asia in the Kutch civil court. They are supported by Mr George Fernandes, MP, who as minister for industry, evicted US multinationals Coca Cola and IBM from India in 1977.

Mr Fernandes, a staunch socialist, accuses Cargill of being "all set to take over Kandla Port as its own private enterprise." He points out that India produces enough salt (14m tonnes) to meet its own domestic needs and has a large export surplus that Cargill is free to market if it wishes. He argues that Cargill's claim that it will provide employment to 2,000 local people is spurious, considering the company, by its own admission, uses only 50 people to harvest double the amount of salt at its Australian plant.

"Allowing Cargill's proposal in Kandla implies exposing Kandla port to foreign surveillance and jeopardising national security, reducing the income of the port, preventing expansion of the port, and creating mass unemployment in the region," says Mr Fernandes.

The MP, who is supported by state government officials in Gujarat, and even MPs from the ruling Congress (I) party, whose decision it was to grant permission to Cargill, compares the May 17 agitation to Mahatma Gandhi's historic salt march agitation in the same region more than 50 years ago, which led to India's independence from British rule.

Cargill, in its court affidavit, has blamed vested interests for the problems and charged that the salt manufacturers have dragged the case to court "with an ulterior motive to establish their monopoly in the salt-manufacturing business". The company, with world-wide sales of $50bn, has refuted allegations that its project is a threat to India's security, and has submitted that the Indian government has already examined the economic and environmental impact of the project before approving it. The 127-year-old company, which, with its various subsidiaries, employs 66,000 people in more than 800 companies in 54 countries, says that it is committed to developing countries, and has planned the entire Kutch project "to generate the maximum possible employment to this backward area for its development".

And there would be more investments in future – Cargill is looking to the Indian markets for further investment up to $50m, and has already submitted a proposal to the Indian government for a $25m citric acid plant. But Cargill's Indian plans will have to wait until the courts decide what is best for India.

North American producers buy Russian aluminium

By Kenneth Gooding

NORTH AMERICAN producers have bought about 100,000 tonnes of cheap Russian aluminium to blend with their own metal, according to trade sources.

The bulk of the Russian material, of a quality too low to be sold on the London Metal Exchange, was taken by Alcan of Canada, including 40,000 tonnes to use at its smelter at Lynemouth in the north of England.

Ironically, Russian exports have driven down aluminium prices to a level below the cash costs of most western smelters by causing a big supply surplus. Alcan cut output at Lynemouth, one of the highest-cost smelters, by 50 per cent from its 130,000 tonnes annual capacity and the metal imported from Russia will help to make up the shortfall.

A similar situation persists in Brazil where the closure of Alcan's Aratu smelter has left room for the group's subsidiary to import about 2,500 tonnes of the Russian material for its rolling and processing operations.

Traders suggest that there was a big increase in exports of "off-grade" Russian aluminium from the middle of last year and that there might be as much as 500,000 tonnes in Rotterdam warehouses. As it is not of the right quality for the LME, the material does not show up on the exchange's stock figures but it does have an impact on LME prices because traders know of its availability.

VAW Aluminium of Germany, which is taking Russian aluminium in exchange for technological help with the modernisation of the Novokuznetsk smelter in Siberia, also bought some off-grade material last year at a $270 a tonne discount to the LME price.

Traders say that buying by the North American companies has cut the discount to $100 a tonne.

Alcoa, the world's biggest aluminium group, said that it bought some of the Russian metal to test its chemistry and to see how it performed. Apart from that, Alcoa said that it had not gone out specifically to buy Russian aluminium but had probably acquired some in its spot purchasing programme.

Kaiser Aluminium, fourth-largest North American aluminium company, said it had bought "small quantities" of off-grade Russian aluminium from time to time over the past few months.

● Alcan said the future of the Lynemouth smelter depended on its ability to negotiate a new supply contract with British Coal which owns the Ellington Colliery, literally underneath the plant.

Mr Paul Belanger, managing director of Alcan Primary and Recycling, said that coal from elsewhere in the world cost only 40 per cent of that supplied by British Coal. Closure of Lynemouth would not only affect the 480 smelter employees but also 1,600 at Ellington, which sells 1.2m tonnes of its 2.1m tonnes annual output to Alcan.

US demand boosts oil prices

By Deborah Hargreaves

DEMAND FROM US refineries for North Sea oil pushed prices through the important $19-a-barrel barrier this week as refiners went on a buying spree.

Estimates by the International Energy Agency, the Organisation for Economic Co-operation and Development's oil monitoring body, of a rise in second quarter demand yesterday underlined the bullish sentiment in the oil market.

The IEA said it expected demand to rise by 500,000 barrels a day in the second quarter, or about 1.5 per cent, over the same period last year with moderate gains expected in all regions.

In addition, the IEA estimated that production by Opec slipped to 24.1m b/d in April from 24.4m b/d in March.

The second quarter is traditionally a time of weak oil demand when prices decline. But last year, prices actually firmed towards the end of the period and some buyers want to book their supplies in case that happens again.

"There are not many cargoes of wet crude left at the moment and refiners are buying ahead of maintenance shutdowns in the North Sea in June," said Mr Peter Gignoux, head of the energy desk at Smith Barney.

North Sea prices were up 5 cents a barrel yesterday at $19.25 a barrel.

The IEA said that Russian oil production averaged 7.24m b/d in the first quarter, a fall of 14 per cent from the same period a year ago. But the agency said in its latest monthly oil report, that monthly figures to March confirm a slowing of the decline in Russian output.

Australian company needs licence for Siberian gold project

By Leyla Boulton in Moscow

A small Australian company allied with a Siberian gold producer has admitted that it still needs to get a licence from Russia's State Geology Committee to clinch a deal to exploit the country's biggest hard rock gold deposit.

But Mr Mikhail Galiatin, the Moscow-based lawyer for the Australian partner, Star Technology Systems, added the latter, as proof of its commitment to the project, would first make a downpayment of at least $20m, the first instalment of its $250m investment, before approaching the committee.

The committee, which is responsible for licensing the exploitation of mineral deposits, has argued throughout that the Australian-Russian Lena Gold joint stock company did not have a valid licence to the Sukhoi Log deposit.

But Ms Louise Moore, Star Technology Systems' representative in Moscow, has until now insisted that there was no need to get the a licence from the committee on the grounds that it had already a go-ahead from local authorities.

The law says that rights to deposits on which work had already begun by the time natural resources legislation came into effect last summer had to be validated by a licence from the committee, to be applied for within a month.

The main question now is whether the committee will issue a licence, or raise other long-standing objections to the deal. "I am 100 per cent certain that Lena Gold can fulfil any requirements which may be legally set by the State Geology Committee," Mr Galiatin said. The government, which is divided and still embroiled in political crisis after last week's referendum, has also looked at the project but has so far not tried to impose any particular decision on the committee.

Mr Galiatin added that another obstacle had only recently been removed by the Committee for State Property, which has defended the deal but erroneously liquidated the Russian state-owned enterprise that held the licence to the deposit. This made it possible for Mr Yegor Gaidar, then prime minister, to declare a tender for other Russian companies to develop the deposit last winter. This tender was never held, partly because of a change of government in December but also because of internal divisions over how to handle the case. The Committee for State Property finally corrected its own mistake last month by issuing new documents transforming the Russian enterprise into a joint stock company in which Star is to hold 31 per cent of the shares.

Another remaining obstacle is the government's failure so far to declassify information on the Sukhoi Log deposit, which Star had previously cited as a condition set by its bankers for the release of money raised for the project. But Mr Galiatin said he was working on an alternative arrangement whereby Russian authorities would show data to interested parties without publishing it.

UK flock's Chernobyl legacy

By David Owen

HALF A MILLION British sheep are still affected by the restrictions imposed on farms in the wake of the Chernobyl nuclear accident seven years ago, the government has admitted.

The restrictions still cover as many as 631 British farms with a combined land area of well over 400,000 acres. Wales is the worst affected region, accounting for more than half the affected farms and animals.

The radioactive cloud caused by the accident passed over Britain on the weekend of May 3-4, 1986, upon which the public was advised not to drink fresh rainwater.

In mid-May, caesium levels in lambs started to build up leading on May 20 to a three-week ban on movement and slaughter of 4.2m sheep.

This week's admission came in a written answer from Mr David Curry, junior agriculture minister in reply to a question from Mr Llew Smith, the Labour MP for Blaenau Gwent.

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD moved between good support and resistance on the London bullion market yesterday. Dealers said that selling emerged near to $356.50 a troy ounce, and above that level Australian and South African producers were likely to come into the market. However, when the price was pushed down below $355 there was good support from fund buying in New York. "Gold has just been bouncing around between the two levels, it's a pretty aimless market at the moment," one dealer said. Some said they were finding it impossible to deal in the market. Copper's weakness on the LME fed through to **ALUMINIUM,** which faltered when three-month metal reached $1,170 a tonne and tumbled back below $1,150 on speculative liquidation. London's robusta **COFFEE** extended earlier gains as New York staged a modest bounce after the sharp fall earlier in the week. Dealers said the market could soon begin to stabilise after its volatile spell, but the prospects of any major advance had been severely dented. High stocks and weak summer demand might also help to ensure the market's bias is more likely to be on the downside.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(May)		+ or -
Dubai	$16.40-6.50u	+.125
Brent Blend (dated)	$19.10-9.14	+0.15
Brent Blend (Jun)	$19.27-9.31	+0.18
W.T.I (1 pm est)	$20.59-0.62u	+.175
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$213-215	
Gas Oil	$184-185	+2.0
Heavy Fuel Oil	$77-78	+0.5
Naphtha	$185-187	+1.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$356.45	+2.80
Silver (per troy oz)♣	432.5c	+5.0
Platinum (per troy oz)	$380.9	+5.0
Palladium (per troy oz)	$118.75	+2.75
Copper (US Producer)	88.0c	-0.5
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	14.06r	
Tin (New York)	256.5c	+1.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	139.79p	+0.14*
Sheep (live weight)†♠	133.92p	-4.52*
Pigs (live weight)†	91.41p	+2.62*
London daily sugar (raw)	$302.2	+1.6
London daily sugar (white)	$294.3	+0.3
Tate and Lyle export price	£305.0	+1.0
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£164.5	
Wheat (US Dark Northern)	Unq	
Rubber (Jun)♥	56.50p	
Rubber (Jul)♥	56.75p	
Rubber (KL RSS No 1 May)	210.0m	+1.0
Coconut oil (Philippines)§	$410.0y	+5.0
Palm Oil (Malaysian)§	$382.5v	
Copra (Philippines)§	$265.0	+5.0
Soyabeans (US)	£171.0u	
Cotton "A" Index	60.15c	+0.75
Wooltops (64s Super)	338p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Aug u-Jun. . z-Apr/May v-May ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago. provisional prices.

SUGAR – London FOX ($ per tonne)

White	Close	Previous	High/Low
Aug	302.80	301.00	304.00 302.00
Oct	294.60	292.00	294.50 291.00
Dec	293.50	291.00	290.00
Mar	292.10	291.00	292.00 288.50

White 1450 (723) Paris- White (FFr per tonne): Aug 1621.10 Oct 1581.70

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Jun	19.28	19.16	19.29 19.16
Jul	19.22	19.13	19.23 19.14
Aug	19.28	19.17	19.28 19.20
Sep	19.32	19.23	19.32 19.24
Oct	19.34	19.29	19.34 19.28
Nov	19.36	19.28	19.36 19.32
Dec	19.37	19.32	19.37 19.35
Jan	19.31	19.28	19.30
Feb	19.25		19.25
IPE Index	19.07	19.21	

Turnover 24322 (26961)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
May	182.50	179.75	182.75 181.00
Jun	179.00	177.50	179.50 178.25
Jul	178.00	176.25	178.25 177.25
Aug	178.75	177.25	179.25 178.25
Sep	180.00	178.75	180.50 180.00
Oct	182.75	181.75	183.00 182.50

Turnover 10810 (10771) lots of 100 tonnes

FRUIT & VEGETABLE

Cape apples are the best buys this week with Golden Delicious, Granny Smith, Starkrimson and Starking varieties all priced at 40-50p a lb (40-60p). Pineapples at 90p-£1.50p each (80p-£1.50). The first English asparagus has made an appearance this week and is priced at £1.50-1.80 a lb. English Onions at 20-25p a lb (20-25p), flat mushrooms at 50-60p a ½ lb (50-60p). Homegrown and Dutch cucumbers are increasing in supply and are available at 50-70p each (50-70p). Celery at 55-60p a head (55-60p). Spring Onions at 30-35p a bunch (30-35p). (NB Last weeks prices shown in brackets).

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	666	672	668 662
Jul	686	689	688 682
Sep	701	704	702 695
Dec	720	722	721 716
Mar	739	742	740 736
May	753		755 750
Mar	826	833	825

Turnover: 3286 (2957) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 5 721.39 (715.74) 10 day average for May 6 720.17 (719.00)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
May	869	848	867 858
Jul	879	860	881 867
Sep	882	867	883 871
Nov	893	882	893 886
Jan	902	892	902 899
Mar	909	898	905

Turnover: 2008 (3708) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 4 : Comp. daily 51.64 (52.71) 15 day average 52.12 (52.06)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	93.0	94.3	94.0 92.6

Turnover 16 (34) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Aug	139.00	138.00	139.00
Oct	143.00	142.00	143.00

Turnover 70 (20) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
May	1570	1550	1570 1560
Jun	1470	1441	1470 1450
Jul	1320	1305	1320 1308
Oct	1415	1390	1415 1409
BFI	1567	1561	

Turnover 366 (329)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	143.75	144.50	144.70 143.75
Jun	144.60	145.30	145.50 144.60
Nov	110.60	110.60	110.60
Barley	**Close**	**Previous**	**High/Low**
May	137.85		138.50 137.85

Turnover: Wheat 62 (69). Barley 34 (7).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
May	114.0	113.6	113.7
Jul	103.0		102.5
Nov	105.0		105.0

Turnover 8 (0) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 49,787 lots
Cash	1109-10	1139-40		1134-5		
3 months	1131-2	1162-2.5	1171/1128	1156-7	1131-2	180,610 lots
Copper, Grade A (£ per tonne)						Total daily turnover 66,271 lots
Cash	1113-4	1164.5-5.5	1110/1109.5	1109.5-10.0		
3 months	1133-4	1185-6	1136/1121	1130.5-1.0	1126-8	185,000 lots
Lead (£ per tonne)						Total daily turnover 2,607 lots
Cash	264.5-5.5	264-5	265	264.5-5.0		
3 months	274-4.5	274-4.25	276/274	274.0-4.5	274-4.5	20,747 lots
Nickel ($ per tonne)						Total daily turnover 4,740 lots
Cash	5955-65	5945-55	5960	5960-5		
3 months	6025-30	6015-25	6040/5990	6025-6	6025-30	48,138 lots
Tin ($ per tonne)						Total daily turnover 1,483 lots
Cash	5575-85	5575-85	5580/5575	5575-6		
3 months	5635-40	5635-40	5645/5635	5640-5	5635-40	9,426 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 11,570 lots
Cash	1019-20	1004-5	1022/1021	1022-2.5		
3 months	1038-9	1024-4.5	1046/1026	1041-1.5	1030-1	64,970 lots

LME Closing £/$ rate:
SPOT: 1.5700 3 months: 1.5584 6 months: 1.5506 9 months: 1.5408

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	356.30-356.60	
Opening	354.30-354.80	
Morning fix	356.10	226.628
Afternoon fix	355.50	226.563
Day's high	356.40-356.80	
Day's low	354.50-354.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.52	6 months	2.34
2 months	2.43	12 months	2.30
3 months	2.40		

Silver fix	p/troy oz	US cts equiv
Spot	273.90	430.30
3 months	277.75	433.25
6 months	282.05	436.90
12 months	290.35	444.05

GOLD COINS

	$ price	£ equivalent
Krugerrand	354.00-357.00	225.00-228.00
Maple leaf	366.40-368.75	-
New Sovereign	84.00-87.00	53.00-56.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jun	Sep	Jun	Sep
1075	50	71	5	11
1100	32	53	12	19
1125	18	39	23	29
Copper (Grade A)	**Calls**		**Puts**	
1800	34	74	74	95
1850	20	55	109	125
1900	10	39	150	159
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
850	53	74	24	42
900	29	50	50	68
950	14	34	86	102
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
700	16	36	30	35
725	9	27	48	51
750	5	19	69	68
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	38	-	1	13
1900	6	46	6	-
1950	2	21	-	53

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	357.4	354.6	355.5	355.5
Jun	358.3	355.5	358.5	355.8
Jul	359.0	356.2	0	0
Aug	359.8	356.9	359.9	357.3
Oct	361.3	358.3	360.9	360.0
Dec	362.7	359.7	363.0	360.0
Feb	364.2	361.2	363.2	363.2
Apr	365.7	362.7	364.8	364.8
Jun	367.2	364.2	366.2	365.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	387.6	380.1	388.0	380.5
Oct	386.4	378.8	387.0	380.0
Jan	386.1	378.0	387.0	387.0
Apr	385.8	377.7	380.0	380.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	435.0	429.0	438.0	429.0
Jun	436.2	430.2	430.0	430.0
Jul	437.5	431.5	438.0	429.0
Sep	440.3	434.3	440.5	432.5
Dec	444.4	438.4	445.0	437.0
Jan	444.9	438.9	442.0	441.0
Mar	448.6	442.6	446.5	443.0
May	451.3	445.5	0	0
Jul	454.5	448.9	0	0
Sep	458.2	452.4	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	77.55	80.85	78.80	77.50
Jun	77.80	81.20	78.75	77.80
Jul	78.15	81.55	79.30	78.10
Aug	78.50	81.90	0	0
Sep	78.80	82.20	80.00	78.80
Oct	79.10	82.50	80.00	80.00
Nov	79.45	82.85	0	0
Dec	79.75	83.15	80.90	79.80
Jan	80.00	83.40	81.00	81.00
Feb	80.25	83.65	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	20.59	20.46	20.63	20.51
Jul	20.75	20.65	20.79	20.68
Aug	20.83	20.76	20.87	20.78
Sep	20.88	20.82	20.91	20.85
Oct	20.90	20.84	20.90	20.87
Nov	20.90	20.85	20.91	20.88
Dec	20.89	20.84	20.90	20.82
Jan	20.89	20.82	20.88	20.85
Feb	20.85	20.79	20.84	20.82
Mar	20.81	20.76	20.80	20.78

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	56.30	55.73	56.50	56.00
Jul	56.70	56.27	56.85	56.45
Aug	57.25	56.87	57.35	57.05
Sep	58.25	57.87	58.25	58.05
Oct	59.20	58.82	59.25	59.00
Nov	60.20	59.72	60.20	60.05
Dec	61.10	60.59	61.10	60.80
Jan	61.20	61.04	61.45	61.20
Feb	61.20	60.79	61.20	61.20
Mar	59.70	59.39	59.70	59.70

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	909	910	910	908
Jul	941	940	943	933
Sep	969	966	970	962
Dec	1005	1004	1007	1000
Mar	1035	1033	1035	1029
May	1061	1059	0	0
Jul	1079	1077	0	0
Sep	1107	1105	0	0
Dec	1133	1135	1133	1133
Mar	1166	1168	1165	1165

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	58.30	PR.SET	HIGH	LOW
Jul	59.10	57.25	58.50	57.70
Sep	60.65	57.95	59.60	58.10
Dec	63.40	59.55	61.15	59.90
Mar	65.90	62.25	63.75	62.60
May	66.75	64.75	66.10	65.10
Jul	67.90	66.00	0	0
Sep	69.85	67.55	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	12.29	12.28	12.40	12.18
Oct	12.00	11.95	12.10	11.90
Mar	11.27	11.19	11.32	11.17
May	11.21	11.15	11.25	11.10
Jul	11.15	11.10	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	61.18	59.99	60.75	59.30
Jul	62.58	61.23	62.65	61.18
Oct	62.40	61.58	62.50	61.58
Dec	61.78	60.85	61.80	60.90
Mar	63.00	61.93	63.00	62.00
May	63.75	62.63	63.75	62.90
Jul	64.00	63.23	64.00	64.00
Oct	63.85	63.00	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	90.70	89.50	91.25	89.80
Jul	93.85	92.05	93.95	92.25
Sep	96.75	94.75	96.90	95.40
Nov	98.75	97.25	98.75	97.90
Jan	100.75	100.05	101.10	100.50
Mar	102.25	102.25	0	0
May	102.25	102.25	0	0
Jul	102.25	102.25	0	0
Sep	102.25	102.25	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

May 6	May 5	mnth ago	yr ago
1644.0	1643.6	1672.3	1576.7

DOW JONES (Base: Dec. 31 1974 = 100)

	May.5	May.4	mnth ago	yr ago
Spot	120.48	119.83	122.01	116.07
Futures	122.19	122.84	125.02	118.29

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	600/2	593/0	600/4	593/0
Jul	600/4	595/4	601/0	594/6
Aug	600/2	595/6	600/6	595/2
Sep	598/6	585/4	599/4	594/4
Nov	601/4	598/2	602/0	596/2
Jan	607/4	605/0	608/4	603/4
Mar	614/2	611/4	614/6	610/4
May	616/6	615/0	617/0	614/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	20.87	20.76	20.97	20.78
Jul	21.08	20.98	21.20	20.98
Aug	21.15	21.10	21.31	21.10
Sep	21.28	21.22	21.43	21.22
Oct	21.39	21.31	21.56	21.39
Dec	21.68	21.55	21.80	21.58
Jan	21.74	21.63	21.87	21.72
Mar	21.96	21.82	22.07	21.90

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	191.9	188.6	192.0	188.9
Jul	191.2	189.3	191.3	189.0
Aug	190.8	189.4	191.0	188.8
Sep	190.8	189.5	190.9	188.6
Oct	190.9	189.6	191.1	189.0
Dec	192.0	191.0	192.4	190.0
Jan	192.4	191.5	192.5	191.0
Mar	192.2	191.8	192.8	191.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	228/6	227/0	229/0	226/6
Jul	231/4	230/2	231/6	229/6
Sep	235/4	234/4	235/6	233/6
Dec	240/4	239/2	240/6	238/2
Mar	246/4	246/0	246/6	244/6
May	250/4	250/0	250/4	249/6
Jul	254/4	254/0	254/4	252/6
Dec	249/6	249/4	250/0	249/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	348/0	349/4	353/0	348/0
Jul	293/6	292/0	295/0	291/2
Sep	296/6	295/4	297/2	294/4
Dec	307/2	306/2	307/4	305/0
Mar	312/4	311/6	313/6	310/4
Jul	312/0	311/4	312/0	310/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	76.675	76.225	76.700	76.200
Aug	73.425	73.275	73.450	73.175
Oct	73.975	73.875	74.175	73.850
Dec	74.250	74.150	74.400	74.075
Feb	73.650	73.550	74.000	73.600
Apr	74.625	74.525	74.800	74.550
Jun	71.750	71.650	72.000	71.750

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	52.275	52.075	52.375	51.850
Jul	50.850	50.750	51.000	50.500
Aug	48.575	48.400	48.650	48.300
Oct	42.950	42.950	43.125	42.800
Dec	44.300	44.225	44.350	44.100
Feb	44.250	44.150	44.250	44.100
Apr	42.950	42.950	43.000	0
Jun	48.350	48.400	48.450	48.300

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	44.200	43.600	44.200	42.925
Jul	44.100	43.650	44.200	42.950
Aug	42.050	41.375	42.150	40.850
Feb	41.800	41.425	42.100	41.200
Mar	40.900	40.625	41.000	0
May	41.250	41.250	0	0

Early gains lost as the sellers return

By Terry Byland,
UK Stock Market Editor

WEAKNESS in the gilt-edged market following the announcement of the latest domestic money supply statistics undermined an attempted rally in the UK stock market yesterday. The FT-SE 2,800 mark was regained and then lost, and the market closed a further 10 Footsie points off, with traders nervous that today, the last day of the extended May Day equity trading account, will be overshadowed by the outcome of the UK local elections and an important parliamentary by-election held yesterday.

Although the picture was brightened by good trading figures from British Petroleum, there was some selling across the range of the equity market. Seaq volume increased by around 26 per cent over Wednesday's levels, with the blue chips and the second line stocks sharing the pain in the second half of the session.

In early trading the FT-SE gained 9.5 to clear the 2,800 hurdle with comfort. Equities were helped by an initially better tone in stock index futures, and by the favourable response to BP's first quarter results.

However, the euphoria soon wore off and, although the immediate reaction to the absence of any change in interest rate policy at the Bundesbank policy meeting was mild, the June future on the the FT-SE Index came under pressure.

Equities also took the news that UK money supply M0, the narrow measure, had risen by 4.8 per cent in the year to April without great surprise. But as government bonds extended losses to around a full point, the stock market fell away.

At worst, the Footsie was 12.6 lower and a late rally, encouraged by a slow opening to the new Wall Street session trimmed the loss only slightly. The final reading on the FT-SE Index of 2,786.3, down 10.2, left the market right at the lower end of its trading range. Seaq volume increased to 681.5m shares from Wednesday's 539.1m, which reflected retail business worth £1.05bn. Trading volume has remained high as the market has given ground over the past two trading sessions.

Traders entertained few hopes of any significant change in market sentiment before the equity trading account closes tonight. The three week account, extended to cover the May Day break, has proved a wearying experience, and government popularity will be tested today by the local and by-election results.

There has been growing belief that the stock market might have already discounted much of the economic recovery now acclaimed in political circles, and that a genuine recovery in corporate profits and dividends might take some time to develop.

A further check to confidence has come this week with the re-appearance of rights issue pressures, in the form of Wednesday's £404m cash call from Royal Insurance. Institutional cash balances are known to be small because of heavy commitments ahead of the Government's bond funding programme, as well as pending equity calls from BT III and ICI/Zeneca.

Falls in government bonds yesterday reinforced concern over the pressure which could be imposed on the markets by government's monthly funding programme. The threat of higher yields in the gilt-edged market has acted as a check to confidence in equities.

TRADING VOLUME IN MAJOR STOCKS

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates

First Dealings:		
Apr 19	May 10	May 24
Option Declarations:		
May 6	May 20	Jun 3
Last Dealings:		
May 7	May 21	Jun 4
Account Day:		
May 17	Jun 1	Jun 14

*New time dealings may take place from 8.30am two business days earlier.

BP basks in market approval

MUCH BETTER first quarter figures than expected from British Petroleum vindicated the aggressively bullish stance on the shares adopted by most US and some UK brokers in the wake of the UK oil company decision last year to chop its dividend and jettison its chairman. BP shares were the second best individual performer in the FT-SE 100 index, rising around 3.4 per cent.

Historic cost net income of £325m, well above a general consensus of forecasts around the £200m mark, and replacement cost net income of £231m, against forecasts of around £220m, prompted a surge of buying interest from UK and overseas brokers.

At the close BP shares were 10 higher at 306p, with turnover reaching a healthy 9.1m shares.

Long term bears of the stock, however, while acknowledging the good results, continued to point to the group's fundamental problems. Mr John Toalster at SGST said he would upgrade his current year forecasts for the company but maintained that the group was "still shrinking, offered a mediocre return on capital employed and remained highly geared; switch into Shell."

Other analysts, although impressed by the latest profits, pointed to the company's cash flow position. The first quarter saw cash inflow of £600m but only after the sale of £675m worth of assets; "the group is still leaking cash, and the figures were embellished by a write back of petroleum revenue tax."

US buys Wellcome

Pharmaceuticals group Wellcome recovered 19 to 747p on the back of a rush of US buying. The overseas interest was prompted by a shift of stance by US investment bank Morgan Stanley.

The house pharmaceuticals analyst Mr Duncan Moore said that following presentations in London and New York "the risk in breaking mid-teens growth rate is less and there is more potential for upside surprise"

He said that he had an 18-month share price target of $15 (970p) to $18 and felt the shares had been "horribly oversold". Finally, there was a bounce as dealers appreciated that worries over a rival drug to Wellcome's azt anti-Aids treatment were overdone.

Activity in Reuters

News and electronic information group Reuters Holdings which announced yesterday that it is to move its main operational site saw a two-way tussle develop in the shares.

Agency broker James Capel has been telling clients about the group's marketing ploy to boost sales of its Dealing 2000-2 automated foreign exchange trading system. It says that take-up of the system has been "so disappointing" that the company has been forced to offer discount incentives to users.

However, Henderson Crosthwaite, traditionally an enthusiastic supporter of the company, said yesterday that Reuters recent poor share price performance had pushed the historic p/e relative to its lowest level since the shares were listed in 1984. Analyst Mr Brian Newman believes that prospects for Reuters three new transaction systems are impressive and has the stock as a strong buy. Yesterday the shares rose 18 at best before being sold back down again to close a net 14 better at 1258p.

Grand Met firm

Big turnover in Grand Metropolitan ahead of interim results next week increased speculation that the stock may have turned the corner following the shares' recent poor run. They have underperformed the market by 8 per cent in the last quarter, weakened by sentiment over branded goods, uncertainty over a US drinks tax, and the decline in the dollar. Around half of group profits are earned in the US currency.

Yesterday, SGST became the latest broker to turn positive on the stock, citing economic recovery in the US and UK and the shares low rating. NatWest Securities, BZW and Kleinwort Benson were also pointing out the stock's potential upside. Mr Geoff Collyer at NatWest said Grand Met was the only group in the drinks sector likely to show earnings growth this year, yet was on the lowest rating. In a weak drinks sector, the shares rose 8 to 423p in turnover of 7.1m.

Additional speculative support was leant in the morning session as Grand Met became the latest name to be linked with United Biscuits. Shares in the food manufacturer, which has been the subject of intense takeover activity in recent weeks, jumped sharply but faded to close a penny ahead at 421p.

More takeover talk in the drinks sector was rekindled in old favourites Boddington and Devenish. Boddington was rumoured to be casting its eye on the brewing group it failed to capture in June 1991 but in which it retains a 19.1 per cent stake. Boddington then bid 210p-a-share, and yesterday Devenish closed steady at 300p, leading drinks specialists to suggest a 350p-a-share fresh bid which would be required was too expensive and out of Boddington's reach. Its shares finished 3 ahead at 271p.

Vodafone continued to outperform the telecoms sector, the shares racing up 13½ to 393½p, after 397p and threatening the 400p barrier according to dealers, as the market continued to assess the impressive new subscriber figures for April – the highest for three years. Turnover,in Vodafone was 10m shares, the heaviest single-day's trade for almost a year.

A series of profits upgrades in now being predicted after the group announces what are expected to be good figures on June 8.

Mr Patrick Wellington at NatWest Securities said Vodafone was "On the cusp of a significant turn in the business, demonstrating the qualities of a growth cyclical."

Clyde Petroleum edged up 1½ to 50p and were apparently unaffected by a bought deal executed by the company's stockbroker Hoare Govett. Two blocks of shares, one of 9.9m and another of 1.3m, the equivalent of a 3.5 per cent stake, were bought by the broker at 50p and placed with institutions at 50¼p. Turnover in Clyde totalled 25m shares.

The identity of the seller was not known in the market but Clyde has a number of big institutional shareholders notably Norwich Union, George Weston Holdings, Schroders and the Prudential. British Coal Pension Fund and Phillips & Drew Fund Management each hold stakes of below 5 per cent.

There was continued poor sentiment towards Ladbroke Group, the shares sliding a further 3 to 157p. As well as well worn worries over debts upsetting some, dealers are said to be concerned that next month's cash alternative to the dividend, being offered by the group's joint brokers, will mean that a lot of stock may need to be placed. NatWest Securities was one broker taking a more positive longer-term view yesterday, however, focusing on the group's betting business potential.

Hotel group Forte slipped a penny to 192p, with Nomura turning positive on the stock. There was a rumour that the group has been in discussions to sell its Harvester pub division. Drugs group Boots weakened as it announced it was slashing suncare products in reaction to similar moves from its competitors last week. The shares fell 10 to 336p and raised fears that Boots profitable OTC business could be threatened.

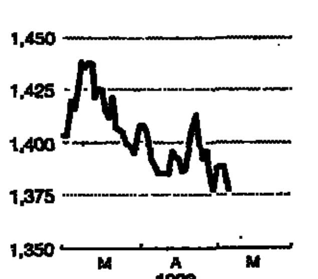
Automotive engineering group GKN saw its shares tumble 13 to 461p ahead of the annual meeting on May 19 and talk of a forecast downgrading. Analysts said Credit Lyonnais Laing reiterated its sell stance and cut profit forecasts by £15m to £120m for 1993 and by £20m to £153m for 1994.

ICI drifted 5¼ to 1259p in spite of confirmation by the London Stock Exchange that dealings in the unofficial "grey" market in new ICI shares and those of the bioscience arm Zeneca will start again on May 12.

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

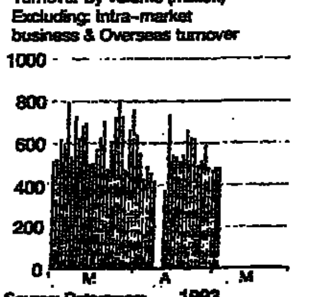
■ Other statistics, Page 23.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



Source: Datastream 1993

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (104).
AMERICANS (1) Pennzoil, CANADIANS (2) Echo Bay, Toronto Dominion, BREWERS (1) Boddington, BLDG MATLS (4) Evered Bardon, Kalon, Marshalls, Titon, BUSINESS SERVS (2) Bridgend, Reed Executive, CHEMS (2) Hickson Intl, Yorkshire, CONGLOMERATES (2) Cannon St., Lonrho, CONTG & CONSTRCN ...

... (3) CIA, Chiltern Radio, MTL & MTL FORMING (1) Johnson & Firth, MISC (1) Bimec, OIL & GAS (1) Sunrise Energy, OTHER FINCL (1) S & U, OTHER INDLS (3) Scapa, Staveley, Tomkins 5½pc Prf., PACKG, PAPER & PRINTG (3) Bowater 7¼pc Prf., Portals, Smurfit (J.), STORES (2) Boots, T & S, TELE NETWORKS (2) Securicor A, Security Svcs., TEXTS (3) Courtaulds, Lyles (S), Utd. Uniform, TRANSPORT (1) Transport Devlpt., SOUTH AFRICANS (2) OK Bazaars, SA Brews., MINES (3) Devex, OFS Invs, RTZ.

FINANCIAL TIMES EQUITY INDICES

	May 6	May 5	May 4	April 30	April 29	Year ago	* High	* Low
Ordinary share	2188.5	2202.6	2218.0	2221.3	2200.2	2136.2	2289.5	2124.7
Ord. div. yield	4.23	4.20	4.18	4.15	4.18	4.28	4.52	4.07
Earning yld % full	6.37	6.34	6.27	6.25	6.30	6.07	6.37	5.79
P/E ratio net	19.44	19.54	19.80	19.86	19.71	20.68	22.04	19.44
P/E ratio nil	18.17	18.26	18.49	18.54	18.40	19.23	20.30	18.17
Gold Mines	149.9	148.3	148.1	146.9	153.3	107.7	153.3	60.0

*for 1993. Ordinary share index since compilation: high 2289.5 10/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2205.3	2210.7	2208.5	2205.1	2200.3	2191.1	2188.8	2189.0	2188.6	2210.8	2186.2

Volume	May 6	May 5	May 4	April 30	April 29	Year ago
SEAQ Bargains	28,151	26,766	27,971	26,385	27,031	29,677
Equity Turnover(£m)†	-	1121.9	1053.5	1140.3	1139.6	1154.9
Equity Bargains†	-	30,787	32,753	30,798	30,906	35,936
Shares traded (mil)†	-	488.0	487.6	495.4	487.0	523.2

† Excluding intra-market business and overseas turnover.

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EQUITY FUTURES AND OPTIONS TRADING

THE DERIVATIVES markets continued weak with dealers having little of significance to focus on, writes Christopher Price.

The June FT-SE 100 contract opened fairly firmly at 2,800, lifted by positive overnight sentiment from Wall Street. Wellcome had been in demand, stimulating the other drugs stocks and a consequent fillip when London opened. The figures from oil group BP were also said to have struck a positive note.

However, the surge proved to be short-lived and June soon ran into sellers. It then began a slow drift downwards, punctuated by the odd bout of good two-way business, but eventually succumbing to the mildly negative tone in the market.

Dealers say that with little corporate activity to focus on, the short-term was being dictated by the feeling that the equity market was oversold and was now in a period of correction.

A lacklustre Wall Street failed to inspire any hint of a rally in the early afternoon and June closed at 2,783, 13 down on the previous session and around 4 points below its approximate fair value level of 7. Volume was slightly down on the previous day at 7,595 contracts.

In stock options, BTR topped the list with 2,297 contracts traded. TSB followed on 1,549, then Lonrho on 1,525 and Eastern Electricity on 1,032 contracts.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2786.3 −10.2	3114.7 −4.4	1377.63 −4.14

	May 6	Day's change %	May 5	May 4	Apr 30	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2786.3	−0.4	2796.5	2812.6	2813.1	2701.9	6.57	4.09	19.22	39.73
FT-SE Mid 250	3114.7	−0.1	3118.1	3133.6	3132.1	2767.0	6.50	3.74	18.38	31.93
FT-SE-A 350	1390.5	−0.3	1394.9	1402.6	1402.6	1323.1	6.56	4.01	19.25	17.42
FT-SE SmallCap	1587.67	—	1588.27	1590.74	1589.00	-	4.59	3.59	31.13	15.62
FT-SE SmallCap ex Inv Trusts	1598.74	—	1599.52	1602.37	1600.86	-	5.09	3.79	29.03	16.17
FT-A ALL-SHARE	1377.63	−0.3	1381.77	1389.12	1388.88	1306.82	6.43	3.98	19.72	17.02
1 CAPITAL GOODS(213)	967.62	−0.8	974.88	981.92	981.15	909.20	5.63	3.98	23.59	13.63
2 Building Materials(27)	1053.35	−0.7	1060.93	1063.86	1056.97	1096.90	4.88	4.61	28.12	16.49
3 Contracting, Construction(29)	967.90	−0.4	971.32	975.22	967.65	1042.88	2.84	3.42	80.00†	9.98
4 Electricals(15)	2775.41	+0.5	2761.17	2769.49	2782.62	2800.06	5.39	4.87	23.61	65.13
5 Electronics(37)	2619.15	−0.6	2635.80	2654.52	2651.95	2030.93	6.05	3.05	20.90	18.34
6 Engineering-Aerospace(7)	372.33	−0.1	372.81	373.78	374.65	393.48	5.45	3.97	24.31	3.60
7 Engineering-General(51)	586.30	−0.2	587.31	588.92	585.91	548.58	6.78	3.72	18.71	7.00
8 Metals & Metal Forming(11)	404.61	+0.5	402.72	410.92	408.10	372.71	4.29	3.04	33.90	0.66
9 Motors(18)	403.18	−0.8	406.40	405.64	404.94	383.10	6.04	5.47	28.41	9.47
10 Other Industrials(18)	2000.66	−1.6	2033.32	2061.40	2068.79	1862.90	5.93	4.10	20.69	36.77
21 CONSUMER GROUP(234)	1637.39	−0.2	1640.07	1649.57	1650.74	1735.92	7.00	3.44	17.69	17.03
22 Brewers and Distillers(29)	1924.03	+0.2	1919.98	1934.76	1930.90	2243.43	8.37	3.75	14.61	20.00
25 Food Manufacturing(22)	1343.69	−0.8	1353.88	1359.12	1357.03	1289.58	7.49	3.77	16.15	21.23
26 Food Retailing(18)	2891.90	−0.7	2911.79	2931.65	2962.79	2830.41	8.87	3.47	14.61	16.46
27 Health & Household(29)	3513.15	+0.6	3493.37	3513.35	3507.18	4251.55	6.63	3.24	17.72	32.84
29 Hotels and Leisure(20)	1240.02	−0.4	1245.41	1249.76	1256.06	1431.75	5.77	4.70	23.66	25.07
30 Media(33)	1892.66	−0.1	1894.49	1898.00	1897.74	1676.72	5.33	2.71	23.15	22.13
31 Packaging and Paper(24)	854.40	−0.9	861.91	868.59	869.67	859.61	5.94	3.40	20.68	9.37
34 Stores(39)	1142.87	−0.5	1148.80	1156.62	1157.03	1093.87	6.32	3.04	20.94	6.86
35 Textiles(20)	785.18	−0.3	787.85	795.75	797.78	752.91	6.39	3.91	19.73	10.78
40 OTHER GROUPS(142)	1443.19	−0.3	1447.25	1457.28	1458.59	1337.72	8.47	4.35	14.52	16.00
41 Business Services(27)	1589.49	−1.0	1606.16	1612.78	1617.86	1468.39	5.75	3.16	21.32	12.73
42 Chemicals(23)	1507.94	−0.6	1517.63	1526.16	1535.80	1613.26	5.97	4.58	21.15	24.53
43 Conglomerates(11)	1399.82	−0.9	1413.11	1425.62	1419.30	1463.59	7.50	5.38	15.04	18.55
44 Transport(16)	2771.44	−0.2	2776.19	2797.94	2818.90	2694.91	7.55	4.05	15.95	42.36
45 Electricity(16)	1670.67	+1.2	1650.30	1668.05	1684.72	1310.61	12.97	4.31	9.91	29.90
46 Telephone Networks(4)	1650.30	−1.1	1668.20	1669.75	1684.37	1441.99	7.98	3.89	16.33	1.63
47 Water(13)	3376.16	+1.0	3341.25	3340.05	3376.41	2906.61	13.35	4.92	8.32	11.83
48 Miscellaneous(32)	2237.56	+0.1	2234.27	2278.34	2248.31	2142.06	7.23	4.54	17.25	41.41
49 INDUSTRIAL GROUP(589)	1416.72	−0.3	1421.28	1430.42	1431.10	1404.94	7.21	3.86	17.26	16.09
51 Oil & Gas(18)	2418.42	+0.5	2406.46	2387.39	2388.74	2114.05	5.79	4.79	21.91	27.46
59 "500" SHARE INDEX(607)	1505.83	−0.2	1509.32	1517.37	1517.43	1473.82	7.06	3.96	17.67	17.11
61 FINANCIAL GROUP(88)	971.89	−0.8	979.37	985.26	984.43	773.40	3.81	4.36	42.48	18.17
62 Banks(9)	1329.84	−1.2	1346.59	1350.57	1350.30	971.07	4.90	4.06	29.50	26.94
65 Insurance (Life)(6)	1938.63	−0.2	1942.48	1962.63	1986.34	1534.72	2.64	4.60	65.25	47.49
66 Insurance (Composite)(7)	623.58	−0.6	627.33	641.94	642.79	654.13	‡	4.97	‡	15.80
67 Insurance Brokers(10)	771.87	−0.5	775.92	781.80	774.04	972.60	7.42	5.07	18.10	11.10
68 Merchant Banks(6)	638.60	−0.2	640.11	640.64	639.43	507.89	7.37	3.44	17.11	4.71
69 Property(28)	782.41	+0.5	778.16	777.39	771.48	714.82	5.97	5.06	22.65	4.02
70 Other Financial(23)	359.68	−0.3	360.82	361.56	361.23	281.90	6.42	4.59	20.36	3.28
71 Investment Trusts(108)	1452.71	+0.1	1450.96	1453.09	1449.36	1260.64	2.26	2.82	44.23	12.37
99 FT-A ALL-SHARE(804)	1377.63	−0.3	1381.77	1389.12	1388.88	1306.82	6.43	3.98	19.72	17.02

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2801.2	2806.0	2805.5	2803.6	2798.4	2788.7	2786.4	2788.4	2786.3	2808.0	2783.9
FT-SE Mid 250	3119.9	3122.4	3122.9	3124.5	3122.8	3118.5	3117.5	3118.2	3114.8	3124.6	3114.7
FT-SE-A 350	1396.8	1398.9	1398.8	1398.2	1396.0	1391.8	1390.8	1391.5	1390.6	1398.9	1389.8

Time of FT-SE 100 high: 09:00 ; low: 14:16

FT-SE Actuaries 350 Industry Baskets

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

Continued on next page

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LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		17⅝xd	+⅛	20⅞	15⅞	15,012	2.4
Allegheny & W.	♥	494p	.....	571p	390p	256.7	3.8
Amdahl		302½p	-½	591p	302½p	340.0	2.1
Amer Cyanamid		34⅛	-⅛	38⅝	31⅛	3,078	3.0
Amer Express		17⅝xd	-⅛	19½	14⅞	8,425	3.6
Amer T & T		36⅞xd	+⅛	40⅞	33⅛	48,458	2.3
Ameritech		47⅞	-⅝	52¾	46	20,961	4.8
BankAmerica		29¾xd	-⅛	38⅛	27⅛	10,370	3.0
Bankers NY		45⅞xd	-⅛	51⅛	42⅞	3,636	4.3
Bell Atlantic		33⅛	+⅛	38⅛	32¼	14,340	5.1
BellSouth		33¼	.....	39⅞	33¼	16,425	5.3
Bethlehem Steel	♥	12⅞xd	+⅛	13¾	10	1,126	-
Bowater		1354pxd	+16	1682p	1335p	490.8	1.9
CPC		27⅞xd	+⅛	34⅝	28	4,231	2.9
Cadiz Land Inc	♥	63½p	.....	115p	53p	-	-
California Engy		1358p	.....	1478p	1086p	247.2	-
Chase Manhattan		19⅞xd	-⅛	24½	17⅞	3,062	3.9
Chrysler		27¼xd	+⅛	28⅞	21¼	7,879	1.4
Citicorp		17⅝xd	-⅛	20⅞	13⅞	6,351	-
Colgate-Palm		38xd	-⅛	45⅝	35¼	6,227	2.0
Cont'l Bank		1614p	-71	1877p	1278p	1,829	2.5
Dana		31⅝xd	+⅞	34⅞	28⅞	1,452	3.2
Data General		613p	+16	951p	593p	169.2	-
Decora Inds.	♥	125p	.....	148p	109p	-	-
Dun & Brad		37¼	+⅛	42⅝	37⅛	6,639	4.2
Eaton		58⅛	-⅛	59⅝	50⅝	1,945	2.5
Echlin		15½xd	.....	18⅞	15⅛	888.4	2.8
FPL		24⅝xd	+⅛	27⅝	23⅛	4,428	6.4
Ford Motor		35⅝xd	-⅛	38⅛	28⅞	17,389	1.8
Gen Elect		58⅛xd	+1⅛	62⅞	53⅞	50,174	2.7
General Host	♥	586p	+17	723p	556p	-	3.8
Gillette		34⅞xd	+⅛	42⅝	31½	7,640	1.5
Hasbro		20⅞	.....	20⅞	20⅞	1,819	0.7
Honeywell		22⅛xd	+⅛	24⅛	20⅞	3,024	2.5
Houston Inds		30	+¼	33⅛	29⅛	3,865	6.3
Ingersoll-Rand		20⅞xd	+⅛	25	19⅝	2,161	2.1
Lockheed		40⅞	+⅛	42⅝	35⅛	2,477	3.3
Lowe's	h	2039p	+40	2339p	1573p	1,487	0.9
Merrill Lynch		44⅝xd	-⅞	50⅞	37	4,585	1.7
Morgan (JP)		43xd	-⅞	48½	38⅛	8,239	3.5
Morris (Philip)		30½xd	+¼	52⅝	28⅞	28,058	3.6
NYNEX		63¼	-¼	64⅛	53¼	10,998	5.5
Pall		12⅛xd	+⅛	15	11	1,478	1.6
Pennzoil		40⅞xd	+¼	40⅞	31⅞	1,665	4.6

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993 high	1993 low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv	♣□	190½	-1½	201	183	3.0	230.5	17.3
Warrants	□	43	—	48	38			
Scot Mortgage	♣□	188	+½	201	178	2.7	216.1	13.0
Scot National Inc	♣□	90½	—	95½	83	10.5	–	–
Cap	□	21	—	28	18	–	51.6	59.3
Stepped Pf		152¼	—	185¼	150¼	5.0	–	–
Zero Div Pf		207½	—	212	207	–	–	–
Warrants		3½	—	5	3	–	–	–
Scot Value	†♣□	79½	—	79¼	71	2.8	75.3	-5.2
Sec Alliance	♣†	1410	—	1503	1390	3.2	1576.1	10.7
Second Consld	□	118	+1	118	88	–	181.3	35.2
Second Market	♣	328xd	—	328	256	0.8	359.8	9.0
Sec Tst Scot	♣□	81¼	—	84½	74½	5.1	82.5	1.5
Select Assets	□	122	—	130	109½	1.2	163.8	25.5
Eq Ind Serl		131	—	134	128	4.1	–	–
Eq Ind Serl		131	—	134	128	4.1	–	–
SHIRESCOT	♣I	121	—	123	104	5.9	121.8	0.7
Shires	♣	253	—	282	231	9.1	247.7	-1.9
11pc Cv Ln '03/04		£125⁷⁄₈	—	£131½	£115½	8.8	–	–
Siam Select		129	—	138	97	0.2	134.6	4.6
Warrants		35	—	36	15	–	–	–
Smaller Cos	□	110	+1	110	78	3.0	112.1	2.4
Warrants		28	—	28	14	–	–	–
Sphere Inc	□	20xd	—	21½	14	19.4	31.4	38.0

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Greenwich Res	♣□	15½	-	16½	5	12.0	–
Hemlo Gold C$		£5½	+⅛	£5½	£3½	632.2	1.7
Ivernia West I£		49	—	57	31	24.6	–
Kenmare	♣□	12	-	13½	6	11.5	–
Malaya Res		18		25½	14	1.77	–
Navan Res I£	♣	37		37	25	4.98	–
5pc Ln Notes		30¼		34	25	5.15	–
Oryx Gold		62⅜		71	47	–	–
‡‡Ovoca Res I£		3½		3½	3½	0.24	–
RTZ	♣□	616	-15	709	615	6,184	4.2
Vizcaya		5¾	—	5¾	2¾	3.08	–

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared *distribution and rights.*

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other *official estimates for 1994-95.*
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other offical estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Annual Reports Service

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Annual subscription £250.00 stg.
Call +44 71-925 2128 for more details.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]						

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing: 0277 281010. Enq: 0903 204631

European Growth ‡	6	60.74	61.05xd	64.94	+0.32	1.10
High Income	5	255.6	258.2xd	275.7	+0.9	4.80
(Accum Units)	5	443.2	449.7	478.4	+1.5	4.80
Intl Bond	5	63.39	63.38xd	66.65	-0.03	5.94
Intl Equity Growth ‡	6	59.34	59.38xd	63.16	+0.11	0.90
North American Growth	6	80.06	87.05	92.60	+0.39	0.81
Special Sits Growth	5	18.30	18.69	19.76	+0.09	2.17
UK Growth	5	321.7	323.5xd	344.1	+0.5	2.83
(Accum Units)	5	404.7	407.7	433.7	+0.6	2.83

NW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062-082 5867

NW Joint Investors	0	1153.4	1153.45	1183.6	—	4.4

Maldon Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031-222 4242

Maldon General	0	124.4	124.4xd	128.5	—	4.53

National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

NPI America Acc ♥	5½	100.63	101.18	108.21	+0.17	0.00
NPI America Dist ♥	5½	93.30	93.82	100.12	+0.16	0.00
NPI European Acc	5½	82.34	82.59	88.32	-0.07	0.18
NPI European Dist	5½	79.66	79.83xd	85.38	-0.07	0.18
NPI Far East Acc ♥	5½	142.4	143.3	153.3	—	0.00
NPI Far East Dist ♥	5½	140.1	141.0	150.8	-0.10	0.00
NPI Global Dist	5½	62.16	62.46	66.82	+0.21	1.34
NPI O'seas Acc	5½	1104.3	1109.2	1186.1	-1.30	0.69
NPI O'seas Dist	5½	851.9	853.1	912.6	-1.00	0.69
NPI UK Acc	5½	585.4	587.8	607.1	+1.20	2.57
NPI UK Dist	5½	296.4	297.5xd	318.2	+0.60	2.57
NPI Extra Inc Dist	5½	65.68	65.98	70.57	+0.17	4.04
NPI UK Spec Opp Acc	5½	74.12	74.37	80.08	+0.19	2.08
NPI W'wide Acc	5½	84.59	84.99	90.47	-0.81	0.00
NPI W'wide Dist	5½	81.35	81.05xd	86.66	-0.77	0.00
NPI W'wide Inc Dist	5½	55.08	55.84xd	58.51	-0.21	2.30

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth				0202 298422		
Cash	1	49.59	49.59xd	50.09	+0.01	6.5
Capital Primacco	5½	55.50	55.68	59.60	-0.06	7.9
Ethical	5¼	51.71	52.98	58.04	-0.04	3.9
European Growth	5½	55.73	56.10	59.84	-0.29	3
Income	5½	57.09	61.60xd	58.03	+0.09	5.8
Intl Growth	5½	77.21	77.78xd	82.96	-0.05	2.9
Managed	5½	68.49	69.25	73.66	+0.02	3.6
UK Growth	5½	55.10	55.72	59.43	+0.13	4.8
Standard Life Tst Mgmt Ltd (0730)H						
3 George St, Edinburgh EH2 2XZ				0800 393777		
Managed Acc	5¼	42.44	42.44	46.10	-0.2	1.85
UK Equity Gth Acc	5¼	58.45	57.47	61.07	-0.4	1.89
UK Eq High Inc Inc	5¼	34.14	34.14xd	36.28	-0.3	3.93
UK Eq High Inc Acc	5¼	40.54	40.54	43.08	-0.4	3.93
UK Equity Gen Acc	5¼	52.41	53.37	56.71	-0.4	2.47
UK Equity Gen Inc	5¼	38.64	40.37xd	42.90	-0.3	2.41
UK Larger Cos Acc	F 7½	358.4	383.3	384.2	-3.0	3.85
UK Larger Cos Inc	F 7½	275.3	278.9xd	292.7	-2.3	3.85
Gilt & Fxd Int Inc	5¼	29.55	29.62xd	31.39	—	8.31
O'seas Lrg Cos Acc	F 7½	282.1	288.6	303.3	+0.7	1.50
Nth American Acc	5¼	40.43	40.68	43.23	+0.1	1.50
Far East Acc	5¼	53.31	53.31	56.65	+0.1	0.83
European Acc	5¼	38.99	39.99	42.49	—	1.16
State Street Unit Trust Mngmt Ltd (1400)F						
20 Birchin Lane, London EC3V 9AQ				071-626 1590		
Global A	5¼	[illegible]	3.615	3.840	—	1.12
US Equities (u)	5¼	$2.080	2.080	2.207	—	0.79
Far East Equities (u)	5¼	Y347.4	248.6	264.1	—	—
Japan Equities (u)	5¼	Y240.6	242.7	257.8	—	—
FT Europe (u)	5¼	109.1	109.3	116.0	—	2.18
FT North American (u)	5¼	$1.880	1.696	1.801	—	1.05
FT Japan (u)	5¼	Y243.1	243.6	258.7	—	—
FT Asia Ex Japan (u)	5¼	$1.819	1.828	1.942	—	1.75
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh				031-226 3271		
American	5	320.5	320.5	341.6	+1.1	0.32
(Accum Units)	5	377.9	377.9	402.7	+1.3	0.32
British	5	905.0	906.0	957.6	+0.5	4.42
(Accum Units)	5	1586.5	1586.5	1678.5	+0.9	4.42
Emerging Market	5	99.65	99.25xd	105.7	+0.3	0.26
European	5	388.6	388.6	411.7	-1.0	1.44
(Accum Units)	5	424.5	424.5	452.0	-1.1	1.44

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Apr 1	840.98	854.12	—	3.73
Gross Apr 1	207.20	208.87	—	10.10
High Yield Apr 1	333.75	336.35	—	7.73
* Restricted to monies under Court control				
Garrett (John) Unit Mngmt Ltd				
Managed Exempt	105.48	109.84	+0.16	3.39
Henderson Unit Trust Management Ltd				
Pensions Mngd	80.16	81.42xd	+0.08	2.69
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'folio(1000-1)	£1.4510	1.5480	—	—
Mngd Pens (Acc)	£0.6276	0.5027	—	—
UK Core	£0.9858	1.0130	—	—
Lazard Brothers & Co. Ltd				
Property May 4	£1980.0	2100.0	—	7.00
Inc Gth Prp Feb 3	£1200.6	1400.0	—	8.90
Lazard Investors Ltd ‡				
Exempt Funds				
Small Co's May 5	£4818.8	5113.7	—	2.76
European May 5	£687.8	884.7	—	1.69
American May 5	£418.3	421.9	—	1.42
Japan May 5	£509.3	575.3	—	0.52
Pacific May 5	£180.7	184.5	—	0.94
Midland Gth Feb 28	£123.9	136.3	—	2.69
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ		071-588 1815		
Property Apr 30	177.10	180.70	—	9.08
Equity Apr 30	882.10	1000.08	—	3.33
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond (z)	108.31xd		+0.2	9.95
(Accum Units)	743.12		+1.1	9.95
NAACIF (z)	44.34xd		—	7.88
Merlin Jupiter Unit Trust Managers Ltd				
Merlin Jupiter Exempt Trust				

INSURANCES

OTHER UK UNIT TRUSTS

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Provident Mutual Life Assc. Assn. - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pension Funds				
Managed Ord	537.1	565.4	+1.6	-
Managed Init	381.3	401.4	+1.2	-
Equity Ord	830.0	873.7	+3.7	-
Equity Init	589.2	620.2	+2.5	-
Pen Ind Lkd Gilt Ord	217.6	229.1	+0.3	-
Pen Ind Lkd Gilt Init	161.3	169.8	+0.1	-
Overseas Equity Ord	377.1	396.9	+0.7	-
Overseas Equity Init	267.7	281.8	+0.5	-
Property Ord	286.3	301.4	+0.1	-
Property Init	203.2	213.9	-	-
Fixed Interest Ord	332.9	350.4	+0.2	-
Fixed Interest Init	236.3	248.7	+0.1	-
Deposit Ord	286.1	301.2	—	-
Deposit Init	203.1	213.8	—	-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Prufund				
Managed May 5	296.5	308.9	—	-

Prudential Corporate Pension Funds
1 Stephen St, London W1P 2AP 071-548 3281

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Managed Funds				
Discretionary Apr 28	£224.23	231.39	+0.02	-
Equity Apr 28	£251.64	260.40	-0.90	-
International Apr 28	£37.01	38.01	+0.36	-
Intl Bond Apr 28	£19.45	19.70	+0.17	-
Fixed Int Apr 28	£121.38	122.70	-0.89	-
Index Linked Apr 28	£88.92	90.04	-0.89	-
Property Apr 28	£109.56	116.68	+0.29	-
Cash Apr 28	£33.28	33.28	+0.04	-
Pru-Linked Retirement Plan				
Managed Apr 28	530.70	562.90	+5.80	-
Cash Apr 28	301.70	314.30	+0.30	-
Prudential Pensions Investment Account				
Pens Mngd	211.50	227.30	-1.40	-
Pens Mngd A	94.60	98.60	-0.70	-
Pens UK Eq	357.40	385.30	-4.40	-
Pens Intl	265.10	284.00	-0.70	-
Pens Global Eqty	119.50	125.80	-0.90	-
Pens Fixed	272.40	287.70	-0.50	-
Pens Index Lk	224.80	237.30	-0.10	-
Pens Property	89.00	93.70	—	-
Pens Cash	196.80	207.30	+0.04	-
Money Purchase Plan				
Discretionary (z)	121.10	128.80	+0.10	-
Equity (z)	124.40	133.80		-
International (z)	119.10	127.20	+0.60	-
Global Equity (z)	122.30	131.30	+0.20	-
Intl Bond Feb (z)	135.80	142.90	+0.70	-
Fixed Interest (z)	135.90	142.90	+0.40	-

Scottish Amicable - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pension Funds				
Building Society	172.5	181.6	—	-
Managed (Init)	228.8	240.9	-0.10	-
Managed (Acc)	450.3	474.1	—	-
Equity (Init)	257.0	270.6	-0.20	-
Equity (Acc)	505.8	532.5	-0.40	-
Property (Init)	143.5	151.1	—	-
Property (Acc)	282.4	297.3	—	-
International (Init)	229.9	242.0	+0.20	-
International (Acc)	452.4	476.3	+0.80	-
Fixed Interest (Init)	220.0	231.6	+0.10	-
Fixed Interest (Acc)	433.0	455.8	+0.40	-
Cash (Init)	154.1	162.3	-0.10	-
Cash (Acc)	303.5	319.5	—	-
Others				
Capital Guarantee Bond	97.1	102.3	-0.20	-

Scottish Equitable Life Assce. Soc.
28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	218.8	230.4	-0.4	-
UK Equity	209.7	220.7	-1.6	-
International	219.8	231.3	-0.2	-
American	226.0	237.9	+0.6	-
European	206.1	217.0	-0.1	-
Japan	236.7	249.1	-1.3	-
Pacific	301.6	317.5	-0.2	-
Technology	284.8	299.8	+1.1	-
Fixed Interest	166.5	175.3	+0.1	-
Indexed Linked	149.2	157.1	+0.3	-
Foreign Bond/Currency	213.6	224.8	—	-
Cash	171.859	180.905	-0.011	-
Ethical	116.0	122.1	-0.6	-
Pens Mixed	623.7	656.5	-1.3	-
Pens UK Equity	702.7	739.7	-3.8	-
Pens International	671.7	707.0	+0.4	-
Pens American	226.4	238.3	+0.5	-
Pens European	237.2	249.8	-0.8	-
Pens Japan	280.1	294.9	-1.8	-
Pens Pacific	337.3	355.1	+0.8	-
Pens Fixed Interest	331.8	349.3	—	-
Pens Index Linked	184.5	194.2	+0.3	-
Pens Cash	271.160	285.537	+0.074	-
Pens Property	216.96	228.38	—	-
Pens Ethical	147.3	155.1	-1.1	-
Edinburgh Inv	328.0	348.3	+2.4	0
Baillie Gifford Japan	227.4	239.4	-2.0	-

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

	Bid Price	Offer Price	+ or -	Yield Gross
Property	173.5	182.7	—	-
UK Equity	311.7	328.2	-0.8	-

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE INSURANCES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Asian Selection Funds				
China	$9.479	9.353		
Hong Kong	$28.659	30.302	—	0.0
Indonesia	$9.250	9.737	—	0.4
Korea	$11.133	11.719	—	0.0
Malaysia	$17.704	18.[illegible]	—	0.0
Philippines	$18.[illegible]	19.321	—	0.0
Singapore	$12.170	12.811	—	0.0
Thailand	$19.484	20.509	—	0.0
South East Asia	$24.[illegible]	25.[illegible]	—	0.0
US Dollar Liquidity	$9.567	10.[illegible]	—	0.0
Cater Allen Investment Management (CI)				
CA Gilt Income	£5.85	6.12xd	—	16.34
CA Equity Gwth	£4.53	4.85	(5)	2.22
Citibank (CI) Ltd "Citifunds"				
Short term Investment Funds				
Irish £ May 6		133.9[illegible]	+0.013	—
Equity Funds				
Japan Equity May 6		$10.0293	+0.228	—
US Em Hith May 4		$19.7979	+0.[illegible]	—
US Em Tech May 4		$22.5612	+0.057	—
Citicare May 4		$30.4006	+0.856	—
Bond Funds				
HYB (A) May 4		$93709.470	+154.[illegible]	—
Special Assets (B) May 4		FFr11423.493	+147.[illegible]	—
Citibank N.A.				
Libra 2000 Feb 26		$99.62	-2.45	—
Libra 2000 Intl Feb 26		$99.62	-2.45	—
Coutts & Co (Jersey) Fund Managers Ltd				
Coutts Money Market Fund Ltd				
Dollar Class		$38.4939		—
Sterling Class		£27.5146		—
D-Mark Class		DM58.0166		—
Japanese Yen Class		Y3036.4967		—
Ashburton Replica Portfolio Ltd				
Ashburton Replica Pfolio Ltd £	11.63	12.19	—	—
Ashburton Replica Pfolio Ltd $	$10.92	11.34	—	—
EBC Fund Managers (Jersey) Ltd				
EBC Traded Currency Fund Ltd*				
Income	$14.65	15.316	—	1.22
Capital	$23.39	24.112	—	—
*Offer price includes 3% prelim. charge				
International Income Fund*				
Eurobd Long Term—US$	$33.48	34.9830		4.83
Eurobd Long Term —DM	DM[illegible]	16[illegible]	+0.1346	1.64
* Offer Price includes 3½% Initial Charge				
Equitilink International Mngt Ltd				

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
CMI Asset Management (Luxembourg) SA						
203 route d'Arlon, L-1150 Lux 010 352 458825						
CMI Managed Portfolio Investment Company (a)						
Safeguard Portfolio F.		£-	1.221	1.3[illegible]	+0.0[illegible]	—
Growth Portfolio F.		£-	1.098	1.167	+0.0[illegible]	—
Enterprise Portfolio F.		£-	1.050	1.116	+0.0[illegible]	—
CMI Global Network Fund (a)						
Australasian Equity		A$-	19.005		+0.0[illegible]	—
Benelux Equity		C$-	21.173		+0.[illegible]	—
Canadian Equity		C$-	9.914		-0.0[illegible]	—
SE Asia Equity		$-	13.109		+0.0[illegible]	0.85
French Equity		FFr-	99.274		+0.141	0.94
German Equity		DM-	17.843		+0.0[illegible]	—
Iberian Equity		Pta-	710		-6	0.01
Irish Equity		I£-	4.948		-0.014	—
Italian Equity		L-	7899		-103	—
Japanese Equity		Y-	1382		+5	—
Nordic Equity		Ecu-	44.794		+0.[illegible]	—
Swiss Equity		SFr-	18.796		+0.[illegible]	—
UK Equity		£-	6.491		+0.0[illegible]	1.11
US Equity		$-	13.738		+0.0[illegible]	0.85
Japan Index Tracking		Y-	922		-12	—
US Eqty Index Tracking		$-	8.044		+0.0[illegible]	2.29
US Eqty Index Tracking		$-	12.427		+0.[illegible]	1.16
German Bond		DM-	23.249		+0.0[illegible]	8.21
Japanese Bond		Y-	1850		—	4.29
Swiss Bond		SFr-	22.307		-0.0[illegible]	4.27
UK Bond		£-	6.291		-0.0[illegible]	8.10
US Bond		$-	11.802		-0.[illegible]	8.24
Stg Currency Reserve		£-	5.0[illegible]		-0.0[illegible]	7.18
US Dlr Currency Reserve		$-	10.033[illegible]		+0.0[illegible]	2.09

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark staunches its losses

THE D-MARK yesterday staunched some of the losses it has sustained against other European currencies in recent days after the Bundesbank caused slight disappointment by leaving its official interest rates unchanged, *writes James Blitz.*

Earlier this week, dealers reported that investors had been switching funds out of the D-Mark and into other European currencies amid signs that the Bundesbank was easing monetary policy at a faster pace.

However, the Bundesbank's decision to leave both its Lombard and discount rates unchanged coincided with a slight weakening of the Swiss franc.

After closing at SFr0.897 to the D-Mark on Wednesday night, the "Swissie" fell back to the SFr0.90 level yesterday. But the Swiss currency still closed slightly stronger on the day at SFr0.895.

The Bank of France's decision to cut its two main interest rates by 25 basis points also weakened the French franc slightly. The reduction of the intervention and 5-10 day lending rates to 8.0 per cent and 9.0 per cent respectively was rather greater than the Bundesbank's cut in its repo rate earlier this week.

Despite falling back earlier in the day, the French franc still closed at FFr3.370 to the D-Mark from a previous FFr3.372.

The dollar was confined to tight ranges against the D-Mark as the market awaited today's non-farm payroll figure for April. Following the poorer-than-expected figure from the National Association of Purchasing Managers earlier this week, the market has revised down its expectations for today's headline figure from +160,000 to +130,000.

The dollar yesterday closed more or less unchanged at DM1.5790.

Sterling slipped against the D-Mark following news that the Bundesbank had left policy unchanged and that money supply growth in April had been lower than expected. However, the pound was generally stronger on the day as a technical rebound followed the selling of Tuesday and Wednesday. The currency closed at DM2.4800 from a previous DM2.4750.

There are differing views over whether the pound will head up or down from here, partly because of uncertainty over the direction of UK base rates.

Mr Gavyn Davies, Managing Director of Goldman Sachs International, said yesterday that the UK authorities could raise interest rates if the sterling exchange rate index, which measures the pound against a basket of currencies, dropped to around 75.0 or 77.0 from last night's close of 80.7.

However, he said that the sterling exchange rate would have to move even more substantially in an upward direction to warrant a cut in UK rates. In his view the ERI would have to register around 87.0 to 89.0 for this to be possible.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu May 6	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Irish Punt	0.809996	0.802497	-0.93	1.92	47
Dutch Guilder	2.20045	2.19582	-0.21	1.19	17
Belgian Franc	40.2802	40.2271	-0.13	1.11	13
D-Mark	1.95294	1.95519	0.12	0.86	1
Portuguese Escudo	180.624	181.457	0.46	0.51	-8
French Franc	6.54988	6.59651	0.71	0.26	-33
Spanish Peseta	142.150	143.219	0.75	0.22	-13
Danish Krone	7.44934	7.52180	0.97	0.00	-38

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

£ IN NEW YORK

May 6	Latest	Previous Close
£ Spot	1.5715-1.5725	1.5645 1.5655
1 month	0.38-0.37pm	0.39 0.38pm
3 months	1.12-1.10pm	1.17 1.15pm
12 months	4.20-4.10pm	4.30 4.20pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May 6	Previous
8.30 am	80.6	80.4
9.00 am	80.6	80.4
10.00 am	80.7	80.4
11.00 am	80.7	80.4
Noon	80.6	80.5
1.00 pm	80.6	80.5
2.00 pm	80.6	80.4
3.00 pm	80.6	80.5
4.00 pm	80.7	80.4

CURRENCY RATES

May 6	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.908061	0.788440
U.S Dollar	3.00	1.42729	1.23785
Canadian $	5.39	1.82094	1.57369
Austrian Sch	6.75	15.8001	13.7538
Belgian Franc	6.75	46.1157	40.2271
Danish Krone	9.25	N/A	7.52180
D-Mark	7.25	2.24584	1.95519
Dutch Guilder	6.75	2.52388	2.19582
French Franc	10	7.58985	6.59651
Italian Lira	11.00	2082.19	1808.66
Japanese Yen	2.50	N/A	136.498
Norway Krone	-	9.49076	8.26451
Spanish Peseta	-	164.609	143.219
Swedish Krona	11.50	N/A	9.04250
Swiss Franc	5.00	2.01491	1.75961
Greek Drach	19	N/A	265.903
Irish Punt	-	N/A	0.802497

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for May 5

CURRENCY MOVEMENTS

May 6	Bank of England Index	Morgan ** Guaranty Changes %
Sterling	80.7	-29.63
U.S Dollar	63.4	-14.50
Canadian Dollar	93.8	-8.21
Austrian Schilling	114.4	+16.30
Belgian Franc	115.6	+1.69
Danish Krone	117.9	+12.20
D-Mark	124.7	+35.52
Swiss Franc	112.0	+20.75
Dutch Guilder	119.4	+20.99
French Franc	110.1	-6.33
Lira	82.0	-33.54
Yen	169.6	+110.20
Peseta	96.3	-26.52

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100) **Rates are for May 5

OTHER CURRENCIES

May 6	£	$
Argentina	1.5650 - 1.5660	0.9980 - 0.9990
Australia	2.2255 - 2.2275	1.4200 - 1.4210
Brazil	53148.6 - 53183.3	33865.0 - 33885.5
Finland	8.4645 - 8.5175	5.4125 - 5.4325
Greece	333.400 - 340.100	212.630 - 216.900
Hong Kong	12.1225 - 12.1355	7.7280 - 7.7290
Iran	2574.00 - 2576.00	1642.00 - 1644.00
Korea(Sth)	1238.60 - 1258.80	783.70 - 798.90
Kuwait	0.47000 - 0.47100	0.29980 - 0.30000
Luxembourg	51.05 - 51.15	32.50 - 32.60
Malaysia	4.0215 - 4.0320	2.5640 - 2.5650

POUND SPOT - FORWARD AGAINST THE POUND

May 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5645 - 1.5730	1.5695 - 1.5705	0.39-0.37cpm	2.90	1.14pm-1.11pm	2.87
Canada	1.9910 - 1.9980	1.9945 - 1.9955	0.30-0.12cpm	0.96	0.47-0.31pm	0.78
Netherlands	2.7775 - 2.7875	2.7775 - 2.7875	¼-½cpm	1.62	⅞-1dis	-1.26
Belgium	50.80 - 51.20	51.05 - 51.15	4-9cdis	-1.53	13-19dis	-1.25
Denmark	9.5090 - 9.5510	9.5400 - 9.5500	2⅞-4oredis	-4.16	7⅜-8⅝dis	-3.84
Ireland	1.0160 - 1.0185	1.0160 - 1.0170	0.18-0.22cdis	-2.36	0.46-0.51dis	-1.91
Germany	2.4720 - 2.4835	2.4775 - 2.4825	⅜-½pfdis	-2.12	⅞-1dis	-1.51
Portugal	229.25 - 230.40	229.40 - 230.40	239-251cdis	-12.79	661-685dis	-11.71
Spain	181.00 - 181.80	181.30 - 181.80	142-160cdis	-9.99	374-432dis	-8.88
Italy	2287.50 - 2298.20	2287.75 - 2288.75	9-11liredis	-5.24	27-30dis	-4.98
Norway	10.4410 - 10.4940	10.4825 - 10.4925	¾-1⅞oredis	-1.50	2½-3⅞dis	-1.22
France	8.3335 - 8.3735	8.3525 - 8.3625	⅞-1½cdis	-1.71	2½-3½dis	-1.44
Sweden	11.4175 - 11.4710	11.4175 - 11.4275	2⅞-4oredis	-3.48	7½-8¾dis	-2.85
Japan	172.40 - 173.50	172.50 - 173.50	½-⅜ypm	3.03	1¼-1⅛pm	2.75
Austria	17.41 - 17.45	17.41 - 17.44	1⅜-2½grodis	-1.33	4¾-6¼dis	-1.32
Switzerland	2.2190 - 2.2350	2.2250 - 2.2350	¼-parcpm	0.67	⅝-⅜pm	0.90
Ecu	1.2665 - 1.2700	1.2665 - 1.2675	0.23-0.27cdis	-2.37	0.63-0.68dis	-2.07

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.21-2.16pm. 12 Month 4.16-4.06pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

May 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5645 - 1.5730	1.5695 - 1.5705	0.39-0.37cpm	2.90	1.14pm-1.11pm	2.87
Ireland†	1.5365 - 1.5450	1.5435 - 1.5445	0.67-0.64cpm	5.09	1.85-1.80pm	4.73
Canada	1.2690 - 1.2730	1.2700 - 1.2710	0.19-0.22cdis	-1.94	0.63-0.70dis	-2.09
Netherlands	1.7710 - 1.7795	1.7725 - 1.7735	0.66-0.69cdis	-4.57	1.81-1.86dis	-4.14
Belgium	32.40 - 32.60	32.50 - 32.60	11.00-13.00cdis	-4.42	31.00-35.00dis	-4.06
Denmark	6.0660 - 6.0905	6.0775 - 6.0825	3.30-4.00oredis	-7.20	9.20-10.40dis	-6.45
Germany	1.5755 - 1.5855	1.5785 - 1.5795	0.64-0.65pfdis	-4.90	1.75-1.77dis	-4.46
Portugal	146.40 - 146.55	146.40 - 146.50	187-193cdis	-15.57	505-520dis	-14.00
Spain	115.50 - 116.05	115.75 - 115.85	128-132cdis	-13.47	338-346dis	-11.81
Italy	1456.25 - 1468.25	1457.25 - 1457.75	9.80-10.40liredis	-8.32	28.30-29.30dis	-7.90
Norway	6.6670 - 6.6980	6.6775 - 6.6825	2.20-2.75oredis	-4.45	6.30-7.20dis	-4.04
France	5.3165 - 5.3440	5.3200 - 5.3250	2.15-2.30cdis	-5.02	5.95-6.20dis	-4.57
Sweden	7.2540 - 7.3320	7.2725 - 7.2775	3.50-4.10oredis	-6.27	9.80-10.80dis	-5.66
Japan	110.00 - 110.45	110.20 - 110.30	0.01-0.02ydis	-0.16	par-0.01dis	-0.02
Austria	11.1030 - 11.1400	11.1150 - 11.1200	4.15-4.45grodis	-4.64	11.00-11.80dis	-4.10
Switzerland	1.4165 - 1.4255	1.4195 - 1.4205	0.24-0.27cdis	-2.15	0.64-0.69dis	-1.87
Ecu†	1.2340 - 1.2400	1.2385 - 1.2395	0.55-0.54cpm	5.28	1.53-1.51pm	4.91

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

FINANCIAL FUTURES AND OPTIONS

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
116	1.23	1.65	-	0.12	0.75	-
117	0.46	1.09	-	0.38	1.16	-
118	0.12	0.65	-	1.03	-	-
119	0.04	0.36	-	-	-	-
120	0.01	0.19	-	-	-	-
Open Int	160,093	100,396	20,038	154,868	88,987	10,798

Estimated volume 67,164 † Total Open Interest 554,615
† All Yield & Open Interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	8
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williman Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

France cuts rates

THE BANK of France yesterday fulfilled market expectations by cutting its official interest rates once again, but dealers took the view that this would be the last easing for several months, *writes James Blitz.*

As expected, the Bank of France cut both its intervention rate and its 5-10 day lending rate by 25 basis points to 8.00 per cent and 9.00 per cent respectively.

UK clearing bank base lending rate 6 per cent from January 26, 19993

The move came at the end of several weeks in which the French franc has performed extremely strongly inside the exchange rate mechanism, bringing French franc money market rates close to those for the D-Mark.

However, the market's response appeared to be in the tradition of "buying the rumour and selling the facts" and cash rates rose again. The Bundesbank's decision not to change monetary policy at its fortnightly meeting was also the source of some disappointment.

The June French franc contract closed down 14 basis points on the day at 92.48, while the September contract was 11 basis points down on the day at 93.18. Three month French cash drifted down during the day, closing at around 7.50 per cent – the same level indicated by the June future.

The disappointment in German markets was partly due to the surprisingly tight conditions there this week. The Bundesbank's net drain of DM2.4bn from the market on Wednesday came as dealers were clearly finding themselves short of funds.

Borrowings through the most expensive Bundesbank window, the Lombard rate, have already amounted to more than DM3bn this week, a far larger sum than normal. German call money yesterday remained firm at about 7.78 per cent.

Sterling futures reflected some of the disappointment felt over the Bundesbank's unchanged policy, and the June contract was down 6 basis points at one stage yesterday at 93.90. However, the contract later recovered to close at 93.95.

Once again, this was the same close as that for the September contract.

Three month sterling cash fell about $\frac{1}{16}$ per cent to close at $5\frac{11}{16}$ per cent. The easy removal of a £1.25bn shortage again helped to bring down short-dated rates in the interbank market.

Much the same as you, no doubt.

Richard Tomkins went to Crewe railway junction on a bleak Saturday morning seeking enlightenment on one of the deepest mysteries of life: why does a train spotter spot?

Peter Martin explains how share spotters can take advantage of new services which give up to the minute information about which stocks are on the move and which seem to be heading for the buffers.

What is the FT getting up to this Weekend?

Nick Haslam eats goats' cheese in Transylvania

Jancis Robinson advises where to get free bottles, free tastings and bottled bargains in Britain's first National Wine Week

Avril Groom finds out what they say about a lady lawyer who wears trousers in chambers.

David Pilling advises on what to do (and what not to say) when an airline double-books your seat.

And so it goes on…

Weekend FT
Saturday May 8

CROSSWORD

No.8,144 Set by GRIFFIN

ACROSS
1 Enraptured railway guard (6)
4, 11 Meat supplier with a beard seen gun-running (8,5)
10 Slow to pull together sideways (9)
11 See 4
12 Vehicle parking for swimmers (4)
13 Using plastic in a top site's a bloomer (10)
15 Take pains to give model Russian money (7)
16 Suet pudding is wrapped in soft paper (6)
19 Support stupid fellow one way (6)
21 Drool like doctor on Bible broadcast (7)
23 Awkward copper right to part with accepted award (10)
25 Back leg bearing cut (4)
27 Headdress worn at air displays (5)
28 Australian beginning to interrupt Abraham (9)
29 Corrected, not many hurried (8)
30 Condescends to find signed form (6)

DOWN
1 Calais suffers Tony on abandoning lust (8)
2 Infamous, crooked or not, I love the American (9)
3 Unusual artist inverted ruler (4)
5 Run through your first number in club (7)
6 Author's followers hired spare wheels (10)
7 US soldier seen in the back number (5)
8 Capital as a sun resort (6)
9 Metal cover hides recess (6)
14 Wipe out oil with a better liquid (10)
17 Firm stopping bun production first (9)
18 Not so much after assistance as incompetent (8)
20 Having left will set about entering gallery (7)
21 Fruit and nuts upset boy (6)
22 Put an end to whisky? (6)
24 They're eaten after many a flipping sale! (5)
26 Right vocal for ceremony (4)

Solution to Puzzle No.8,143

MONEY MARKET FUNDS

WORLD STOCK MARKETS

AUSTRIA

May 6	Sch	+ or –
Austrian Airlines	1,430	+20
Creditanstalt Pf	518	+5
EA General	3,390	+30
EVN	790	+2
Lenzing	584	+1
OeMv	601	+6
Perlmooser Zement	935	-5
Radex Heraklith	304	+2
Reininghaus Brue	1,240	+10
Steyr Daimler	183	-2
Veitscher Magnesit	219	—
Verbund (Br) A	454	+8
Vienna Int Airport	482	-1
Wienerberger	2,880	+25
Z-Laenderbank	1,001	+6

BELGIUM/LUXEMBOURG

May 6	Frs.	+ or –
AG Group	2,360	+35
Ackermans	2,900	+20
Almanij	6,840	+50
Arbed	2,710	+10
BBL	3,580	+5
Bank Intl a Lux	12,200	—
Banq Gen Lux Pts	17,155	-20
Banque Nat Belg	32,000	+400
Bekaert	14,100	+325
CBR Ciment	8,300	+110
CMB	1,710	+15
Cobepa	4,700	+20
Cockerill Priv	112	—
Colruyt	6,090	+100
Delhaize Frs Lion	1,138	—
Electrabel	6,030	+30
Electrabel AFV1	5,900	—
Electrafina ACT	2,385	+85
GBL	3,295	+65
GBL AFV 1	3,285	+140

FRANCE

May 6	Frs.	+ or –
AGF	602	-1
Accor	628	+1
Air Liquide	736	-8
Alcatel Alsthom	684	-2
Axa	1,267	-8
BIC	1,050	-18
BSN	915	+4
BNP Cert Inv	540	+8
Bancaire Cie	455.20	+.20
Bongrain	2,620	-30
Bouygues	656	+10
CGIP	1,091	-2
Canal+	1,374	-11
Cap Gemini S	182.20	-1.10
CarnaudMetalbox	202.50	+1.80
Carrefour	2,893	+20
Casino	139.80	-2.20
Chargeurs	1,132	+7
Club Mediterranee	383.50	+.50
Cogifi	356	—
Copenex Int	550	—
C C F	235.90	-3.60
Cr Fonc France	1,008	—
Cred Lyon (Cl)	647	+7
Credit Local Fr	401.10	-3.90
Credit Nationale	1,290	+4
Damart	3,790	-5
Docks de France	457	-12.50
Dollfus Mieg Cie	267	+.90
EBF	668	-1
Eaux Cie Genl	2,234	-10
Ecco	430	-7.90
Elf Aquitaine	375.90	-4.80
Elf Aquitaine Certs	303.60	-3.40
Elf Sanofi	970	-15
Eridania B-Say	735	+5
Eridania B-Say Cl	574	+4
Essilor Int	452	+22
Etex	2,050	-2
Eurafrance	1,850	-35
Euro RSCG	471	-9
Euro Disney	72.50	+.10
Fin Poliet	455.40	—
Finextel	140	—
Fonc Lyonnaise	856	+6

GERMANY (continued)

May 6	Dm.	+ or –
Continental AG	199.90	+3.80
DLW	464.50	+2.50
Daimler-Benz	570	-2.20
Degussa	328	+3
Deutsche Babcock	147.40	+5.90
Deutsche Bank	691.90	-1
Didier-Werke	123	+4
Douglas Hldg	518	+1
Dragerwerk	270	+2
Dresdner Bk	363.50xr	-.50
GEHE	402	+12
Gerresheimer	206	-17
Goldschmidt (TH)	790	—
Hamburg Elekt	178	+2
Heidelb Zem	1,119	+3
Henkel Prf	517.20	-2.80
Herlitz	312	+2
Hochtief	1,102	-28
Hoechst	236	—
Holzmann Ph	1,015	-20
Horten	183	—
IKB Deutsche Ind	258	-1
Industrie Werke	288.50	-3.60
Kali & Salz	139	-.50
Karstadt	517.50	-.50
Kaufhof	479	+4
KHD	105.50	+2
Kloeckner Werke	55.50	+3.80
Lahmeyer	611	-4
Leifheit	505	+10
Linde	727	+5
Linotype-Hell	438	+5
Lufthansa	102.30	-2.30
Lufthansa n/v Prf	93	-3
MAN	259	+2
MAN Pref	225.50	+.50
Mannesmann	251.50	+2.30
Mannheim Vers	725	-10
Mercedes Hld	552.80	-2.28
Metallgesellschaft	296	—
Muench Rueck (Reg)	3,030	+8
PWA	148.90	-1.10

INDICES

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♦ Subject to official recalculation.

**Saturday May 1: Taiwan Weighted Price, 4,501.00, Korea Comp Ex. 717.68. *Calculated at 15.00 GMT ♦ Subject to official recalculation.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500. (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Thursday May 6 1993

	Stocks Traded	Closing Prices	Change on day
Nippon Oil	19.5m	870	+16
Mitsubishi Hvy	18.2m	717	+8
Nippon Yusen	14.8m	662	+15
JAL	12.8m	877	+17
Hitachi	10.6m	913	-24
Sumitomo Mt Mn	9.1m	1,050	-40
NEC Corp	8.9m	1,030	-20
Mitsui Mn & Sm	8.4m	550	-3
Nikko Kyodo	8.3m	558	-2
Fujitsu	8.2m	795	-5

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FINANCIAL TIMES

FAR MORE THAN FINANCE.

4 pm close May 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
13¾	11½	AAR Corp x	0.48	3.6	24	545	u13¾	13	13¼	+¼
27¼	20	A L Labs A	0.16	0.8	38	958	24⅜	23⅝	24	+⅝
62⅛	54⅝	AMP Inc	1.60	2.5	22	1730	u63⅛	61¾	63	+1⅛
71⅝	55½	AMR			10	5833	68⅞	67⅝	68⅝	+1¼
2¾	1¾	ARX			14	66	u2¾	2⅛	2¾	+⅛
48⅛	28⅞	ASA	2.00	4.3	30	791	u48⅜	45	46⅞	+1½
30¾	22⅝	Abbott Lab	0.68	2.5	18	10915	28	27¼	27⅝	-⅜
12⅝	10¼	Abitibi Pr	0.50	4.0	5	16	u12⅝	12½	12½	+⅛
11¾	10¾	ACM Gvt In x	0.96	8.3		72	11⅝	11½	11½	-⅛
9⅜	9⅛	ACM GvOpp x	0.79	8.3		117	9½	9½	9½	
9⅝	8¾	ACM Gvt Sp x	0.79	8.4		78	9½	9⅜	9⅜	-⅛
11⅝	10½	ACM Gvt Sc	0.96	8.6		312	11¼	11⅛	11⅛	-⅛
17	9⅝	ACM Man x	1.08	9.9		218	u11	10⅞	10⅞	-⅛
9⅜	8⅝	ACM Mmagd x	0.72	8.0		270	9⅛	8⅞	9	
9⅞	7¾	Acme Cleve	0.40	4.2	12	270	9¾	9⅜	9⅝	-¼
9¼	6½	Acme Elect			775	62	7¾	7⅝	7¾	-⅛
16	12	Acuson			14	155	12⅞	12⅝	12¾	
22¼	19⅝	Adams Expr	0.48	2.3	1	53	21	20¾	21	+⅛
68	45½	Ad Micro	3.00	5.1		50	59¾	59	59	-1½
32¾	17⅝	Ad Micro P	3.00	10.4	12	9695	29¼	28⅝	28¾	-¾
7¾	5½	Advest Grp	0.16	2.4	11	195	6⅝	6⅜	6⅝	+⅜
49⅞	41⅛	Aegon ADR	2.95	6.4	8	886	45¾	45¼	45¾	-¾
53¾	43⅞	Aetna Lf x	2.76	5.3	160	1962	53⅛	52½	52½	-½
14½	11½	Affil A	0.26	2.1	29	203	12⅝	12⅜	12½	-⅛
39¾	33	Aflac	0.50	1.3	17	1770	u40¼	39⅜	39½	
22⅛	17⅛	Ahmanson x	0.88	5.1	14	1944	17⅝	d16¾	17⅜	-⅝
7¾	4⅝	Aileen Inc			19	119	5⅝	5⅛	5⅝	+¼
48½	40⅞	Air Pr Chm	0.86	2.0	17	1380	43½	43⅛	43⅛	-¼
24¼	18⅛	Airbne Frt x	0.30	1.4	85	149	21½	21⅜	21⅜	
26½	18¼	Airgas Inc			33	1398	24⅜	23½	24⅜	+⅞
14¾	10½	Airlease	1.60	11.3	11	215	u14¼	13⅞	14⅛	+⅛

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Continued on next page

4 pm close May 6

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22	15½	S Anita Rt	1.36	7.8	19	372	17½	17¼	17⅜	+⅛
20¾	17	SCOR US Cp	0.32	1.7	46	4	19	18¾	18¾	
26¾	20	SPS Techno	1.28	4.9	19	52	26⅜	26⅛	26⅛	
14½	12⅞	Sabine Rt	2.09	14.7	10	302	14⅜	14⅛	14¼	
13⅛	8⅞	Safecard	0.10	0.8	16	319	12⅜	11⅞	12⅝	+⅜
23½	17	Safeg'd Sc			9	52	19⅛	18⅝	18¾	-⅜
24¾	16¼	SafetyKlp	0.36	2.1	23	1067	17⅛	16⅞	17	+⅛
15⅝	10⅞	Safeway			18	3717	u15¾	15¼	15¾	-¼
3¼	2	SafewayW96				310	u3⅜	3⅛	3⅛	-⅛
44½	37½	StJoePaper	0.20	0.5	77	72	39¾	39½	39½	-⅛
37⅝	31	StJosL&P x	1.76	4.8	16	21	36¾	36⅜	36¾	+¼
83¼	75	St PaulFs	2.80	3.4	12	695	82¼	81	81¾	+¾
9⅝	7⅞	Salant Crp			4	34	8⅞	8¾	8⅞	
75¼	42½	Sallie Mae	1.20	2.4	11	8504	50⅝	49½	50	+1
13⅞	13	Salomon Br x	0.36	2.7		353	13½	13¼	13⅜	
41⅞	34⅞	SalomonInc	0.64	1.8	18	1259	36¼	35¾	35⅞	+¾
26⅞	23¼	SanDgo G&E	1.48	5.6	14	286	u26⅞	26¼	26½	-⅛
4⅞	3½	SantaFeEDu	0.40	10.3	43	2	3¾	3¾	3⅞	
11⅞	9⅛	SantaFeERs	0.16	1.4	107	678	11⅜	11	11⅞	+⅜
40¾	35¾	SantaFePac	2.80	7.2	13	59	38¾	38½	38¾	+¼
16⅞	12¾	SantaFeSth	0.10	0.6	18	3050	16	15¾	15⅞	
31⅛	23⅞	Sara Lee	0.58	2.3	19	3837	26	25⅝	25⅝	-⅝
46¾	40⅛	Scana Corp	2.74	5.9	15	170	u46⅞	46⅝	46¾	
49⅝	43	Scecorp	2.80	5.7	14	1906	48¾	48⅝	48¾	+¼
38⅞	23⅞	SchererRP			26	274	29⅛	29	29	-¼
68½	51¾	SchetingPl x	1.80	2.7	17	4560	67¼	65½	66¾	-½
66	55⅞	Sch'berger	1.20	1.9	24	2769	64¼	63¼	63¾	-⅜
39	24⅞	Schwab(C) x	0.30	0.9	14	577	33	32¾	32⅞	-⅛
7¾	5⅞	Schwitzer			32	23	6⅜	6¼	6¼	-⅛
30⅛	17¾	ScientAtln	0.12	0.5	41	960	26⅝	26⅛	26⅜	+¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- T -

1993 High	Low	Stock	Div
6⅝	5½	TCBY Enter	0.20
34⅞	27¾	TCF Financ x	0.75
10	8¾	TCW Conv S	0.84
36¾	25⅝	TDK Carp A	0.41
3¾	2½	T I S Mtge	0.20
33¼	26¾	TJX Cos	0.50
19½	18⅛	TNP Enterp	1.63
68⅛	52½	TRW Inc	1.88
25⅞	9⅝	72 Medcl	0.10
24¼	17⅞	Taiwan Fd	
5	3⅛	Talleyind	0.42
9¾	5½	Talley Pf	1.00
65	43½	Tambrands	1.52
16⅝	9⅞	Tandem	
32⅛	24⅝	Tandy Corp	0.60
13⅞	12	Taurus Mun	0.83
47⅝	40⅜	Teco Energ x	1.92
27⅞	20⅛	Tektronix	0.60
3⅛	1¼	Telecom Cp	
23	18¾	Teledyne x	0.80
34⅝	29½	TelefEspSA	1.28
58⅝	45⅞	Telmex ADR	0.48
62½	49⅛	Templeinl	1.00
19⅞	14⅞	TemplEmMk	0.38
9⅛	8⅝	TempltGlob x	0.72
9	7¾	TempltGlFd	0.80
49⅛	39⅛	Tenneco Inc	1.60
28¾	21¾	Teppco Pts x	2.20
18⅛	13	Teradyne	
11⅞	6⅝	Terex	0.08
4⅞	3⅝	Terra Inds	
6⅝	3	Tesoro Pet	
65⅜	57⅝	Texaco x	3.20
53⅞	52	Texaco C	3.20
[illegible]	[illegible]	[illegible]	[illegible]

- U -

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- V -

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- W -

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- X - Y - Z -

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4 pm close May 6

AMEX COMPOSITE PRICES

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NASDAQ NATIONAL MARKET

4 pm close May 6

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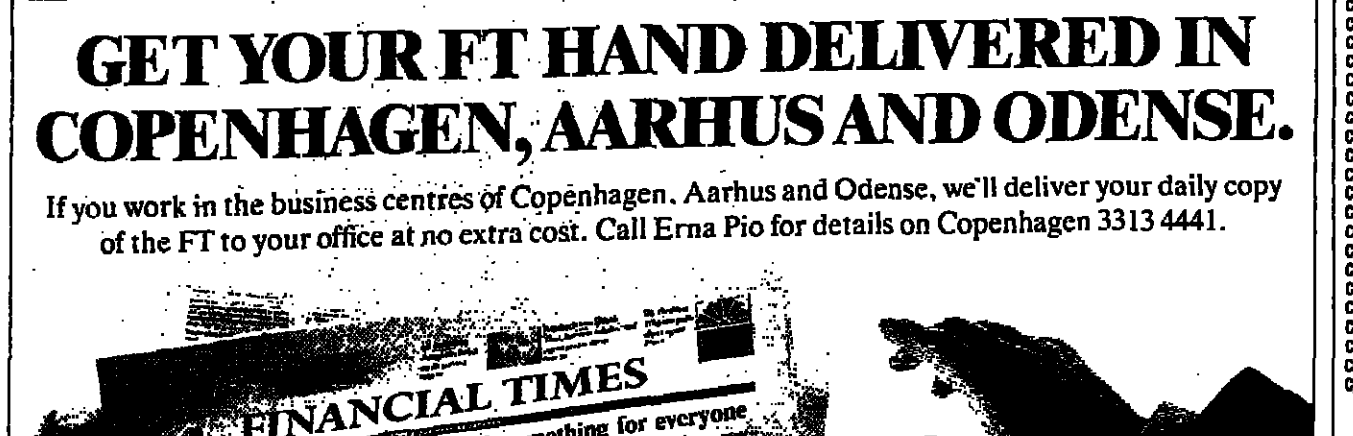


AMERICA

US stocks drift ahead of April jobs report

Wall Street

US STOCKS continued to drift in narrow price ranges yesterday as investors traded cautiously ahead of today's important jobs report for April, *writes Patrick Harverson in New York.*

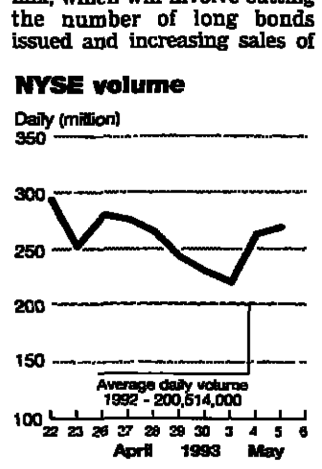
At 1 pm, the Dow Jones Industrial Average was down 0.56 at 3,448.54. The more broadly based Standard & Poor's 500 was 0.67 lower at 443.85, while the Amex composite was up 0.30 at 436.19, and the Nasdaq composite down 2.44 at 680.82. Trading volume on the NYSE was 152m shares by 1 pm, and rises and declines were running almost neck and neck at 881 to 831, respectively.

Trading was subdued at the opening, with many investors choosing to stay on the sidelines until today's release of the April employment report, which should give the best indication yet of how the labour market has responded to the recent slowdown in economic growth.

At other times, yesterday's weekly unemployment claims data might have moved prices, but the fact that the figures came in unchanged for the final working week of April left the markets unmoved.

There was no lead for equities from the bond market, which was still trying to digest the implications of Wednesday's announcement of the Treasury's changes to its debt mix, which will involve cutting the number of long bonds issued and increasing sales of shorter-dated securities.

NYSE volume



Retailers were actively traded and mixed in the wake of April sales figures. Woolworth fell $1⅝ to $29⅜ after reporting a fall in same store sales for last month. Stocks buoyed by solid figures included Sears, up $⅛ at $54, JC Penney up $1 at $43⅞, and Carter Hawley Hale, up $1⅛ at $14.

Dayton Hudson fell more than $2 in early trading after the company said that sluggish April sales would mean its first quarter earnings will come in lower than a year ago, but recovered later to $69⅝, down just $¼ on the day.

Forest product stocks, which have been hit by concerns about the impact on earnings of falling wood prices, held their ground after fresh early declines. Louisiana-Pacific, which fell $2⅜ to $62, bounced back to stand unchanged at $64⅜, while Weyerhauser rallied from an early $1½ loss to stand only $¼ lower at $42⅝.

Storage Technology firmed $2½ to $34⅞ in volume of 1m shares after analysts at Wall Street investment bank Lehman Brothers raised their rating on the stock from "neutral" to "buy".

On the Nasdaq market, Rochester Savings climbed $⅞ to $18⅝ after a takeover offer. First Empire and Keycorp are believed to be among the possible suitors.

Canada

TORONTO remained modestly weaker in thin midday dealings, pressured by weakness in several large-capitalisation natural resource shares, although gains in gold shares helped to offset overall losses.

The TSE-300 index fell 2.09 to 3,786.60 at midday in turnover of C$373m.

ASIA PACIFIC

Tokyo loses 1.4% in first session after holiday break

Tokyo

LATE program sales pushed equity prices near intraday lows amid choppy trading and active volume after the Golden Week holiday, *writes Wayne Aponte in Tokyo.*

The Nikkei average closed down 297.15, or 1.4 per cent, at 20,622.03, after trading between 20,611.48 and 20,941.97. The Topix index of all first section issues ended 9.46 lower at 1,611.33 and, in London, the ISE/Nikkei 50 index rose 2.49 to 1,269.01.

Volume on the first section of the Tokyo Stock Exchange was estimated at 600m shares, compared to Friday's 699m. The market was closed between Monday and Wednesday. Advancers ahead of decliners at 594 to 480, with 111 issues unchanged.

Brokers said that market sentiment remains bullish in spite of the day's declines, regarded largely as a natural correction to the 6.7 per cent gains of last week. One analyst at a UK brokerage said that some domestic institutional investors await further stability in the yen's movement against the dollar before committing new capital into the stock market.

Market participants added that the session's turnover was slightly exaggerated because brokers executed some cross trades.

Profit-taking pushed Nippon Telegraph and Telephone Y23,000 lower to Y961,000.

Large capitalisation issues in the iron and steel sector lost ground. Nippon Steel dropped Y12 to Y402, Kawasaki Steel Y3 to Y374 and Sumitomo Metal Industries Y10 to Y350.

Investors took profits on heavy electric issues. Hitachi retreated Y24 to Y913, Toshiba Y22 to Y752 and Mitsubishi Electric Y9 to Y620.

But foreign market participants pushed up the shipbuilding sector. Mitsubishi Heavy Industies rose Y8 to Y717, Mitsui Engineering and Shipbuilding Y3 to Y460 and Ishikawajima-Harima Heavy Industries Y12 to Y523.

In Osaka, the OSE average ended 36.21 higher at 22,664.29, in volume of 32.9m shares.

Roundup

PACIFIC Rim markets were mixed. Jakarta, Kuala Lumpur and Singapore were closed.

AUSTRALIA surged as investors bought banking issues and gold stocks continued strong, on expectations of a higher bullion price. The All Ordinaries closed 17.2 ahead at 1,691.9. in turnover of A$391.9m.

Westpac rose 12 cents to A$3.62 in volume of 8.43m shares with US pension funds said to be active buyers on the view that the banking sector is undervalued.

TAIWAN stocks ended higher and turnover rose on hopes that the central bank would ease monetary policy, though late profit-taking reduced gains. The weighted index, which was up more than 80 points at one stage, finished 43.16 higher at 4,492.48.

SEOUL fell 1.2 per cent on a wave of selling that flooded the market after the composite index breached the 720 level.

The index closed with a loss of 9.03 at 710.80, although turnover was a relatively thin Won397.27m.

BANGKOK returned to work after Wednesday's holiday and shares rebounded as institutions bought bank, finance and construction-material stocks. The SET index rose 17.03 or 2.1 per cent to 845.13 in thin turnover of Bt3.24bn.

Prices had been falling sharply since last week amid allegations of share price manipulation. But at a cabinet meeting on Tuesday, a deputy minister who had sparked the latest rush of allegations, agreed to stop talking about the issue.

HONG KONG lost ground as local investors shifted funds from blue chips to second and third tier issues. The Hang Seng index declined 33.81 to 6,795.52 as foreign fund managers refrained from building new positions on blue chip issues. Turnover remained almost flat at HK$4.6bn against HK$4.5bn. Traders said that some institutions were switching to other Asian equity markets ahead of the Sino-British talks on May 21.

MANILA eased on profit-taking after hitting a record high on Wednesday. The composite index fell 10.89 to 1,643.50, sliding from the day's high in the morning. Turnover fell to 489.5m pesos.

NEW ZEALAND closed almost flat on low turnover, as cautiousness set in. The NZSE-40 index edged up 1.54 to 1,579.09.

SOUTH AFRICA

GOLD attracted continued interest although some analysts believe that a correction is inevitable soon after recent strong gains. The gold index closed 12 higher at 1,477 as the overall advanced 6 to 3,766 and industrials 10 to 4,393.

EUROPE

Interest rate cut fails to inspire Paris

FRANCE cut interest rates but Germany did not, while the likelihood that war in the Balkans may involve other European countries kept sentiment depressed yesterday, *writes Our Markets Staff.*

PARIS shrugged off the cut in domestic interest rates, the fifth in a month, either because they were not enough or because, having been signalled in advance, they had already been discounted. The CAC-40 index closed 5.85 lower at 1,920.49. Turnover was moderate at FFr2.1bn.

Mr Andrew Shepherd-Barron of Kleinwort Benson in London noted that further rate cuts were necessary in the short-term in order to counterbalance the usual seasonal torpor of the market. However, with three month money rates only marginally ahead of German rates the next move had to come from the direction of the Bundesbank, he said.

Michelin was among the day's risers, up FFr6.20 or 4 per cent at FFr149.00. Having fallen 25 per cent since mid-January some bargain hunting is evident although the stock is also interest rate sensitive.

FRANKFURT was marginally higher as earlier gains were eroded by weak corporate earnings announcements. Disappointment over the Bundesbank's decision to keep interest rates unchanged also set in, the DAX index closing up 0.1 at 1,623.26. Turnover fell to DM5.3bn from DM6.2bn.

An announcement by Hochtief, down DM28 to DM1,102, that full year earnings would probably remain flat, contrary to expectations of higher earnings, depressed confidence. Mannesmann was among the bright spots of the day, rising DM2.30 to DM251.50, after announcing a cut in its 1992 dividend to DM6 per share from DM9. Mr Patrick Shields at NatWest Securities said investors had expected the dividend to fall as low as DM2, and were encouraged by the group's firm profit outlook in its cellular telephone division.

MILAN marked time, ignoring Moody's decision to cut Italy's foreign debt rating, and concentrating instead on Prime Minister Carlo Azeglio Ciampi's speech to parliament, outlining his economic programme.

FT-SE Actuaries Share Indices

May 6								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1156.25	1156.26	1156.43	1156.80	1155.46	1154.70	1152.49	1152.03
FT-SE Eurotrack 200	1211.59	1211.45	1211.13	1210.48	1208.01	1206.20	1206.06	1205.10

	May 5	May 4	Apr 30	Apr 29	Apr 28
FT-SE Eurotrack 100	1153.13	1148.16	1144.33	1143.23	1154.98
FT-SE Eurotrack 200	1208.61	1207.82	1206.79	1199.62	1212.69

Base value 1000 (26/10/90) High/day: 100 - 1157.19; 200 - 1212.34 Low/day: 100 - 1151.78 200 - 1204.56.

The Comit index eased 0.79 to 540.76, with investors also awaiting the first of the parliamentary confidence votes, scheduled for this evening.

Mr Nicolo Braendli of Akros Sim in Milan said that Mr Ciampi's programme was well received by the market, although he noted that the government faced no easy task in achieving its economic goals and introducing electoral reform.

Sme rose L93 to L6,438 in reaction to plans announced on Wednesday for the sale of its retail unit. Credito Italiano added L41 to L2,977 while Gemina, the financial holding company, rose L30 to L1,340, before easing to L1,335 after hours, on rumours that it had put together a group of investors to buy a large stake in Credito.

Generali, down L105 at the settlement L37,790, picked up to L38,300 on the kerb on rumours that the board might be about to propose a bonus issue.

Montedison dipped L23 to L1,177 as the local press reported a recent market rumour that it might be incorporated into Ferruzzi, which traded L16 lower to L1,141.

ZURICH made a positive start in reaction to the continuing strength of the franc against the D-Mark and on speculation of cuts in Swiss and German interest rates. But in the absence of any move on rates the SMI index finished 1.3 easier at 2,165.4.

SMH the watchmaker spent a volatile day, adding SFr55 in early trading before slipping back to finish a net SFr10 lower at SFr1,830 in response to Wednesday's plans to split its shares and convert certificates into bearers and registered shares.

STOCKHOLM continued to rally with prices rising to a new year's high in active trading led by further strength in S-E Banken. The Affärsvärlden index rose 6.9 to 1,059 in turnover of SKr1.8bn. S-E Banken's C shares advanced SKr5 to SKr27.

The index has risen 16 per cent from the start of the year and traders said that some investors have started to become cautious over the rapid rise.

Companies are expected to announce interim profits over the next few weeks, and Mr Henrik Breum, analyst at Unibors Securities, said that weaker than expected earnings could prompt profit-taking, taking the index to the 1,000 level in the near term.

Maastricht optimism lifts Danish equities

But will the rally be sustained after the referendum on May 18, asks Hilary Barnes

Falling interest rates and an increasing likelihood that the electorate will approve the Maastricht treaty on May 18 in Denmark's second referendum on this issue have brought joy back to the equity market.

The all-share index is up by 16.9 per cent this year and 4.0 per cent over the past week. The KFX index is at its highest since last July, closing yesterday at 87.85.

The opinion polls indicate that the referendum will show a 60-40 split in favour of the treaty, which was narrowly rejected in last summer's referendum.

The question is whether the result has by now been largely discounted by the markets. Mr Lau Svenssen, of Copenhagen brokers Fibroco, believes that the market will rise by another 10-15 per cent by the end of the year in the event of a "yes" vote, a judgment which is fairly widely shared.

However, the economic picture is not wholly reassuring. The krone, participating in the ERM, has appreciated by about 7 per cent over the past year as the UK, Swedish, Finnish and Italian currencies have depreciated.

This appreciation is putting pressure on profits and order books in export industries, and the recession in Germany, which accounts for about a third of Denmark's exports of manufactured goods, is additional bad news.

Furthermore, preliminary estimates of exports in the early months of the year by the Bureau of Statistics in Copenhagen point to a 10 per cent fall in the value of exports.

The big Danish banks and the Federation of Danish Industries agree that there will be little or no increase in GDP this year.

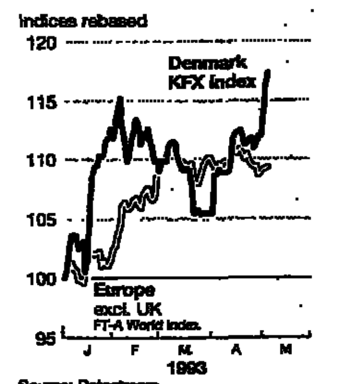
Inflation is low, 1.3 per cent over the 12 months to March, but unemployment is now 12 per cent.

Among the immediate beneficiaries of falling interest rates are the banks. Realised and unrealised gains (or losses) on the value of their bond and share portfolios between the first and last days of the accounting year go straight into the profit and loss account.

Unless there is a set-back later in the year, this factor alone should mean that the larger banks, which were heavily in the red in 1992, will have a happier year. Den Danske Bank's share price so far this year has risen 37 per cent to DKr327 and Unibank's by 50 per cent to DKr185.

The A. P. Moller shipping and oil and gas group's listed companies, D/S 1912 and D/S Svendborg, have risen by 26 per cent, after performing better than most of its international competitors in 1992.

However, the other big shipping group, Lauritzen, has slipped by 16 per cent. The EC's decision restricting imports of South American bananas may have had an adverse impact on Lauritzen's refrigerated cargo vessels as well as its shipyard, which has specialised in building large "reefer" vessels for the fruit trade.



Source: Datastream

The year's disaster is Baltica Holding (which is changing its name to Gefion). It was the holding company for the Baltica insurance companies until a reorganisation, backed by Den Danske Bank, took place in March, when Baltica Holding was reduced to being a minority shareholder.

Baltica Holding's share price has been halved to DKr89, which is DKr12 under par, so far this year.

An attack on Baltica by its main domestic rival, Hafnia Holding, in 1990-91 was a factor in Baltica Holding's collapse.

Hafnia Holding itself collapsed last year when the Hafnia insurance companies were sold to Codan, the Danish company controlled by the UK's Sun Alliance, in March.

Investors apparently approve, with Codan's share price currently 18 per cent up this year.

Among the larger industrials, Danisco, the sugar, distilleries and packaging group, has risen by 36 per cent, GN Great Northern, electro-technical and telecommunications, by 29 per cent, while Carlsberg, the breweries group, and Novo Nordisk, pharmaceuticals and enzymes, and FLS Industries, engineering, have performed more modestly, all putting on just under 7 per cent this year.

The East Asiatic Company, the large trading group, was forced by financial difficulties to sell its Europe-Far East container shipping line to A. P. Moller this spring, since when its share price has recovered from a low of DKr52 to Dkr95, which is still DKr5 below par.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MAY 5 1993								TUESDAY MAY 4 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (68)	135.01	+0.2	127.61	94.04	110.76	128.90	+0.5	3.83	134.79	127.24	93.93	110.09	128.24	144.19	117.39	151.52
Austria (18)	141.76	-0.5	133.99	98.75	116.30	116.37	-0.1	1.75	142.46	134.49	99.29	116.36	116.45	150.96	131.16	165.45
Belgium (42)	146.67	-0.8	138.63	102.16	120.32	117.55	-0.3	4.82	147.80	139.52	102.99	120.71	117.91	156.76	131.19	139.82
Canada (110)	127.07	-0.1	120.11	88.51	104.24	117.41	+0.3	2.82	127.19	120.07	88.64	103.88	117.11	127.86	111.41	126.60
Denmark (33)	224.78	+0.1	212.47	156.58	184.41	185.49	+0.7	1.22	224.51	211.94	156.45	183.37	184.20	224.78	185.11	238.93
Finland (23)	99.01	+1.6	93.59	68.97	81.23	112.16	+1.3	1.10	97.50	92.04	67.95	79.63	110.71	99.01	65.50	80.43
France (98)	161.88	-0.3	153.01	112.76	132.79	135.09	+0.1	3.33	162.39	153.30	113.16	132.62	134.94	167.36	142.72	164.17
Germany (62)	113.70	-0.6	107.47	79.21	93.27	93.27	-0.2	2.28	114.43	108.02	79.76	93.46	93.46	117.10	101.59	119.74
Hong Kong (55)	275.73	+0.1	260.63	192.07	226.22	273.59	+0.1	3.38	275.33	259.92	191.88	224.89	273.19	277.23	218.82	231.09
Ireland (15)	162.35	-1.0	153.46	113.10	133.19	148.26	-0.6	3.56	163.92	154.74	114.24	133.88	149.16	170.40	129.28	162.29
Italy (73)	70.10	-0.6	66.26	48.83	57.51	76.73	-0.7	2.57	70.55	66.60	49.16	57.62	77.28	70.55	53.78	71.10
Japan (470)	146.85	+0.0	138.80	102.29	120.49	102.29	+0.0	0.82	146.78	138.56	102.29	119.90	102.29	146.85	100.75	99.88
Malaysia (69)	317.78	-0.4	300.37	221.35	260.70	313.86	-0.4	2.15	319.06	301.22	222.36	260.60	315.09	324.36	251.66	244.68
Mexico (18)	1491.60	+0.4	1409.90	1039.04	1223.71	5104.52	+0.9	1.33	1485.81	1402.64	1035.47	1213.55	5057.91	1725.81	1410.30	1638.01
Netherland (24)	170.17	+0.4	160.85	118.54	139.61	137.70	+0.8	4.02	169.55	160.06	118.16	138.48	136.58	172.75	150.39	158.07
New Zealand (13)	47.08	+1.4	44.50	32.80	38.63	46.23	+1.2	4.73	46.43	43.83	32.36	37.93	45.69	49.32	40.56	44.72
Norway (22)	164.81	+0.7	155.78	114.81	135.21	149.43	+1.2	1.77	163.68	154.52	114.07	133.69	147.68	164.92	137.71	187.93
Singapore (38)	241.89	+0.5	228.64	168.50	198.45	179.69	+0.4	1.87	240.73	227.26	167.77	196.62	179.00	243.60	207.04	216.41
South Africa (60)	187.49	-0.4	177.22	130.60	153.81	187.48	-0.7	2.69	188.30	177.76	131.22	153.79	188.60	188.30	144.72	245.83
Spain (45)	131.61	-0.7	124.41	91.68	107.98	115.21	-0.4	5.26	132.54	125.12	92.37	108.25	115.62	132.82	115.23	150.70
Sweden (36)	175.16	+0.8	165.57	122.02	143.71	189.29	+0.8	1.78	173.73	164.01	121.08	141.90	187.75	175.16	149.70	191.16
Switzerland (56)	123.58	+0.5	116.81	86.09	101.39	108.45	+0.4	2.00	122.90	116.02	85.66	100.40	108.01	123.58	108.91	104.43
United Kingdom (218)	178.22	-0.7	168.46	124.13	146.20	168.46	-0.6	4.08	179.46	169.41	125.05	146.56	169.41	181.99	162.00	194.43
USA (519)	181.53	+0.2	171.58	126.45	148.93	181.53	+0.2	2.81	181.23	171.09	126.31	148.03	181.23	186.27	175.38	170.00
Europe (765)	147.21	-0.4	139.15	102.55	120.78	131.46	-0.2	3.40	147.78	139.51	102.99	120.71	131.68	149.02	133.92	152.67
Nordic (114)	167.94	+0.7	158.74	116.99	137.78	158.87	+0.9	1.57	166.74	157.41	116.20	136.19	157.50	167.94	142.13	179.73
Pacific Basin (713)	150.03	+0.1	141.81	104.51	123.09	108.23	+0.0	1.09	149.94	141.55	104.50	122.47	108.20	150.03	105.89	106.15
Euro-Pacific (1478)	148.76	-0.1	140.61	103.61	122.03	118.39	-0.1	2.03	148.94	140.60	103.79	121.64	118.45	148.94	117.26	124.96
North America (629)	178.13	+0.2	168.37	124.10	146.16	177.16	+0.2	2.81	177.86	167.91	123.97	145.29	176.86	182.38	171.51	167.28
Europe Ex. UK (547)	127.84	-0.2	120.84	89.07	104.91	110.50	+0.1	2.93	128.07	120.90	89.27	104.63	110.38	128.65	112.51	127.89
Pacific Ex. Japan (243)	181.80	+0.1	171.84	126.66	149.16	165.47	+0.2	3.26	181.55	171.39	126.54	148.30	166.07	184.84	152.70	167.93
World Ex. US (1666)	149.21	-0.1	141.04	103.95	122.42	120.38	+0.0	2.05	149.39	141.03	104.12	122.02	120.43	149.39	118.51	127.35
World Ex. UK (1967)	157.19	+0.1	148.58	109.50	128.97	136.28	+0.1	2.16	157.10	148.30	109.49	128.32	136.14	157.19	134.22	135.71
World Ex. So. Af. (2125)	158.98	+0.0	150.26	110.74	130.42	138.84	+0.0	2.34	158.98	150.08	110.80	129.85	138.79	158.98	137.29	140.07
World Ex. Japan (1715)	167.39	+0.0	158.22	116.61	137.35	159.53	+0.0	3.03	167.45	158.08	116.71	136.79	159.45	168.09	157.47	163.63
The World Index (2185)	159.04	+0.0	150.33	110.79	130.49	139.28	+0.0	2.34	159.07	150.16	110.86	129.93	139.23	159.07	137.32	140.77

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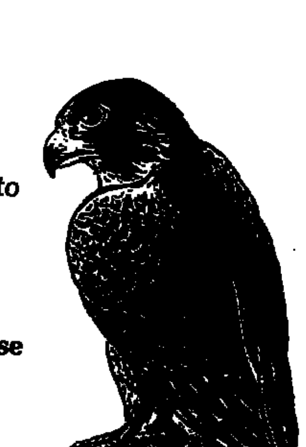
Latest prices were unavailable for this edition. Japanese market closed May 5.

Continued expansion in Asia resulted in strong profit growth

"The Group expanded its activities in China, commenced operation of its joint venture securities company in Korea, increased its resources in the derivatives business and made a major commitment to the investment management business."



6th April 1993
Philip Tose
Chairman

Financial Highlights for year to 31/12/92

Net Profit	HK$607.8 million	Up 101%
Earnings Per Share	HK$0.236	Up 21%
Dividend Per Share	HK$0.105	Up 26%
Shareholders Funds	HK$3.460 billion	Up 13%

Financial Services
Corporate Finance, Stock Broking, Direct Investment, Asset Trading, FOREX, Commodity Dealing
Investment Management

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